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1999 ANNUAL REPORT

CUSAC GOLD MINES LTD.

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CUSAC GOLD MINES LTD.

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May 11, 2000

Letter from the President

The depressed gold market continues to wreak havoc on Junior Gold Mining Stocks, and Cusac is no exception. However, the management of the company has maintained this excellent underground mine, under care and maintenance, debt free and fully permitted. The mineral tenure of 100sq miles of staked claims are still 90% in tact. The mill is fully operational and can be put into service immediately. A price of $310 to $330/oz of gold is necessary to resume production.

The company has raised $97,000.00 flow-through financing and will start a drill program by early summer. Several excellent targets have been evaluated for drilling.

In the light of this long and depressed gold market, the company has been assessing a number of alternate Platinum-Palladium projects of merit. Several properties in the Sudbury basin area of Ontario were considered but found wanting. The company was fortunate in locating an excellent Platinum-Palladium exploration project in central B.C.

Dr. Bruce Perry PhD, University of Toronto, specializing in the Platinum and Palladium group metals, said in his Summary Report to the Vendor dated June 11th 1999,
"I have been actively seeking prospective PGE exploration projects, recently in B.C. Besides your property's significant known potential for Gold mineralization as described in the above-mentioned reports which indicated Gold assays up to 3.5 ounces of Gold per ton and 18 ounces of Silver per ton, I believe that your property is also a legitimate and exciting candidate for exploration for Platinum-Palladium, Nickel and Chromium."

He further states in the same report,
"Considering that the mafic-ultramafic intrusive located in your claim group is reasonably large, having been indicated to be at least nine km long with a surface width up to 1.3km (White; 1988; Corona Corp., 1990; B.J. Price 1996), and considering that Noranda's 1967 soil geochemical survey identified nickel

anomalies variably occupying approximately 5km of the strike of the intrusion, including one individual anomaly approximately 2500m long by 500m wide, one can only conclude in the light of the presence of Platinum and Palladium in the two above-mentioned prospecting samples (Wells, 1988) that this situation presents excellent potential for the presence of a Nickel-Platinum-Palladium bearing sulphide reef, of a style similar to the J-M reef at the Stillwater Mine in Montana, USA"

Cusac has signed an interim agreement with the vendor, and is talking to a number of financial groups to fund the project. The first phase of the exploration program is $100,000 plus a $10,000 down payment. Cusac has an option to acquire an 85% interest in the property through a staged agreement. Platinum-Palladium are the metals to be in at the momant, as platinum sells in the $500us/oz range and Palladium sells in the $600 to $700us/oz range

We look for your continued support in these tough times, and fervently believe this well regarded platinum property will develop into a major asset for our company.

Sincerely,

Guilford Brett
President & CEO

MANAGEMENTS' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PERIOD ENDED DECEMBER 31, 1999

OVERVIEW

Cusac Gold Mines Ltd. is engaged in the business of exploring for, developing and producing precious metals in Canada. Revenues reflected on the attached audited financial statements for the Company's fiscal year ended December 31, 1999, as well as the previous 4 years, were derived solely from the Company's Table Mountain Gold Mine in northern British Columbia. Full-time operations at Table Mountain were suspended at the end of 1997 due to losses resulting from significantly reduced gold prices and ore grades, but intermittent production continues on a small scale, accounting for some revenue in 1999.

During the year, Cusac Gold Mines Ltd. acquired an option to purchase up to 70% of mineral properties adjoining the Table Mountain Mine from International Taurus Resources Inc. The property hosts a large-scale, low-grade gold target. Under the agreement, Cusac has the right to earn a 60% interest in the Property through the payment of 400,000 common shares of which 100,000 are now paid and the incurring of a minimum of $1,700,000 of exploration expenditures over four years. The minimum expenditure of $300,000 over the first two years of the agreement will increase by $50,000 for every calendar month in which the London gold price fixing averages above $320.00 per ounce. A further 10% may be earned through the completion of a bankable feasibility study. Cusac Gold Mines has also agreed to remove the existing mill machinery and buildings in the first year of the option agreement, this is now completed. While the option agreement is in good standing, Cusac Gold Mines Ltd. has the right to mine up to 250,000 tonnes per annum from the Taurus Property subject to a 2.5% NSR. Any ore mined will be milled at Cusac's Table Mountain Facility. The Taurus Project, comprising 93 claim units over 5,300 acres, is located approximately 117 km. north of Dease Lake, B.C. adjacent to Cusac's Table Mountain Mine.

Due to the highly variable nature of the quartz-vein type gold mineralization at Table Mountain, production rates and mill head grades have varied from quarter to quarter, resulting in fluctuating revenue streams. In this light, previous results cannot be taken as a reliable indicator of future performance. Resumption of operations at Table Mountain are not expected to occur unless gold prices increase significantly or further exploration efforts result in a substantial increase in the overall grade of reserves.

RESULTS OF OPERATIONS

Year ended December 31, 1999 compared with year ended December 31, 1998.

Revenues from sale of gold concentrates in 1999 were $256,424 compared with $487,033 during the similar period of 1998. Direct production costs were $124,581.
The decrease in revenue and losses for the period are attributable to decreased gold production related to lower gold grades, reduced recovery rates, and a significant decline in realized gold prices.

LIQUIDITY AND CAPITAL RESOURCES

Cusac's capital resources have been derived from cash flows generated from mining operations, bank loans, as well as proceeds sale of common and preferred shares. The Company currently has no long term debt. Given that operations at Table Mountain have been drastically curtailed, the Company will be dependent to a degree on equity and/or other financing to meet the company's ongoing working capital requirements. Working capital at December 31, 1999 was $864.00, compared with working capital of nil similar period of 1997.

The Company's ongoing administration cost for 1999 was $444,207.

The Company During 1999

Financing activities resulted in the company receiving net proceeds of $141,419 in related party loans and $146,000 by the issuance of shares. There has been no I. R. Costs encored by Cusac during the year.

Cusac Gold Mines Ltd.
Consolidated Financial Statements
December 31, 1999

Cusac Gold Mines Ltd.

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Auditors' Report

To The Shareholders
Cusac Gold Mines Ltd.

We have audited the Consolidated Balance Sheets of Cusac Gold Mines Ltd. as at December 31, 1999 and 1998 and the Consolidated Statements of Operations and Deficit and Cash Flows for each of the years in the three year period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 1999 in accordance with generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

BDO Dunwoody LLP

Chartered Accountants

Vancouver, British Columbia
April 11, 2000

BDO Dunwoody LLP
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Comments by Auditors for U.S. Readers On Canada-U.S. Reporting Differences

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in the Summary of Significant Accounting Policies to the consolidated financial statements. Our report to the shareholders dated April 11, 2000 is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditors' report when these are adequately disclosed in the financial statements.

BDO Dunwoody LLP

Chartered Accountants

Vancouver, British Columbia
April 11, 2000

Cusac Gold Mines Ltd.
Consolidated Balance Sheets
(Stated in Canadian Dollars)

December 31	1999	1998
Assets		
Current		
Cash	$ 864	$ 143,120
Receivables	17,252	79,261
Prepaid expenses	28,800	-
	46,916	222,381
Long term investments (Note 2)	249,741	238,761
Capital assets (Note 3)	102,553	280,052
Resource properties (Note 4)	2,233,289	2,290,289
	2,585,583	2,809,102
	$ 2,632,499	$ 3,031,483
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable	$ 274,424	$ 217,566
Loans from related parties (Note 5)	186,321	44,872
	460,745	262,438
Shareholders' equity		
Share capital (Note 6)		
Authorized		
100,000,000 common shares of no par value		
5,000,000 preference shares of no par value		
Issued		
23,054,731 (1998 – 22,249,731) common shares	15,492,123	15,346,123
Deficit	(13,320,369)	(12,577,078)
	2,171,754	2,769,045
	$ 2,632,499	$ 3,031,483

Approved on behalf of the Board:

_______________ Director _______________ Director

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements.

Cusac Gold Mines Ltd.

Consolidated Statements of Operations and Deficit
(Stated in Canadian Dollars)

For the years ended December 31	1999	1998	1997
Production revenue	**$ 256,424**	$ 487,033	$ 3,146,616
Production costs	**124,581**	308,175	4,770,979
	131,843	178,858	(1,624,363)
Expenses			
Exploration	**333,705**	150,918	1,245,174
Administration	**444,207**	437,326	853,999
Amortization of capital assets	**199,414**	251,638	419,785
Amortization of resource properties	**62,000**	101,000	1,150,000
Resource property and capital asset write-down	-	105,381	2,300,000
	1,039,326	1,046,263	5,968,958
Loss from operations	**(907,483)**	(867,405)	(7,593,321)
Other revenue (expenses)			
Gain on sale of investments	**72,175**	-	-
Gain on equipment disposal	**88,746**	100,000	-
Interest	**3,271**	-	15,872
Investment write-down	-	(540,527)	(168,750)
	164,192	(440,527)	(152,878)
Net loss for the year	**(743,291)**	(1,307,932)	(7,746,199)
Deficit, beginning of year	**(12,577,078)**	(11,214,762)	(3,468,563)
Loss on capital transactions (Note 6(f))	-	(54,384)	-
Deficit, end of year	**$ (13,320,369)**	$ (12,577,078)	$ (11,214,762)
Basic loss per share	**$ (0.03)**	$ (.06)	$ (.43)
Fully diluted loss per share	**$ (0.03)**	$ (.06)	$ (.43)

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements.

Cusac Gold Mines Ltd.
Consolidated Statements of Cash Flows
(Stated in Canadian Dollars)

For the years ended December 31	1999	1998	1997
Cash provided by (used in)			
Operating activities			
Net loss for the year	$ **(743,291)**	$ (1,307,932)	$ (7,746,199)
Items not involving cash			
Amortization of capital assets	**199,414**	251,638	419,785
Amortization of resource properties	**62,000**	101,000	1,150,000
Resource property and capital asset write-down	-	105,381	2,300,000
Investment write-down	-	540,527	168,750
Gain on equipment disposal	**(88,746)**	(100,000)	-
Gain on sale of investments	**(72,175)**	-	-
Net change in			
Receivables	**62,009**	559,847	288,889
Inventories	-	41,000	776,500
Prepaid expenses	**(28,800)**	46,000	31,000
Accounts payable	**56,858**	(354,481)	22,202
	(552,731)	(117,020)	(2,589,073)
Financing activities			
Related party loans	**141,449**	18,846	10,153
Issuance of shares	**146,000**	395,000	714,000
Issuance of special warrants	-	-	1,260,000
Payment of financing costs	-	-	(243,087)
Loss on capital transactions	-	(54,384)	-
	287,449	359,462	1,741,066
Investing activities			
Acquisition of capital assets	**(21,915)**	(114,061)	(96,900)
Proceeds on disposition of capital assets	**88,746**	100,000	92,000
Acquisition and expenditures on resource properties	**(5,000)**	(105,381)	(417,619)
Advances from (to) affiliated companies	**(29,967)**	16,045	(124,544)
Investment in affiliated and other companies	**(75,643)**	(144,700)	(120,000)
Proceeds on disposal of investments	**166,805**	36,087	-
	123,026	(212,010)	(667,063)
Increase (decrease) in cash	**(142,256)**	30,432	(1,515,070)
Cash, beginning of year	**143,120**	112,688	1,627,758
Cash, end of year	$ **864**	$ 143,120	$ 112,688

The accompanying summary of significant accounting policies and notes form an integral part of these consolidated financial statements.

Going Concern

While the consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, the occurrence of significant losses in recent years, and deterioration in the Company's working capital raises substantial doubt about the validity of this assumption. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported net loss and the balance sheet classification used.

The Company's continued existence as a going concern is dependent upon its ability to continue to obtain adequate financing arrangements and to achieve profitable operations. Management's plans in this regard are to diversify its resource property holdings and obtain sufficient equity or debt financing to enable the Company to continue its efforts towards the exploration and development of new mineral properties and recommence producing gold at the Table Mountain Mine when economically feasible.

Principles of Accounting

The Company follows Canadian accounting principles for a mining company as set out below. Differences from United States accounting principles are disclosed in Note 11 to these financial statements.

All figures are reported in Canadian dollars. Exchange ratios between the US and Canadian dollar for each of the periods reported in these financial statements, with bracketed figures reflecting the average exchange rate for the year are:

December 31, 1997 US$1 : CDN$1.4305 CDN$(1.3844)
December 31, 1998 US$1 : CDN$1.5305 CDN$(1.4831)
December 31, 1999 US$1 : CDN$1.4519 CDN$(1.4849)

Foreign Exchange

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period except for the foreign currency gains and losses on long-term monetary items which are deferred and amortized over the remaining terms of the related items.

Principles of Consolidation

These consolidated financial statements include the accounts of Cusac Gold Mines Ltd. and its inactive, wholly owned subsidiary Gulf Titanium Inc. All intercompany balances have been eliminated.

Inventories and Revenue

Revenue is recognized on production. Mineral concentrates are valued at estimated net realizable value. Inventories of operating supplies and raw materials are valued at the lower of cost and net realizable value.

Capital Assets

Capital assets are recorded at cost. Amortization is recorded on the straight-line basis as follows:

Mine plant and buildings	-	10%
Mine equipment	-	30%
Office equipment	-	20% - 30%
Automotive equipment	-	30%

Resource Properties

Exploration costs pertaining to individual resource prospects are charged to income as incurred except for expenditures on specific properties having indications of the presence of a mineral resource with the potential of being developed into a mine. In this case, acquisition, exploration and development costs relating to mineral properties are deferred until such time as it is determined that the costs are not likely to be recouped or mineral properties are brought into production, abandoned, or sold, at which time they are amortized on the unit of production basis over the estimated life of the property or written off to earnings. Revenue incidental to exploration and development activities, including the proceeds on sales of partial properties, is credited against the cost of related properties. Properties that include certain abandoned claims are carried at cost unless only minimal exploration costs were incurred on abandoned claims, in which case the cost of acquisition is apportioned and an appropriate amount is written off. Inactive properties are carried at cost unless there is an abandonment of the Company's interest, at which time the cost is written off. Losses on partial sales of properties are reflected in the income statement in the period of sale.

Options

Where the Company enters into an option agreement for the acquisition of an interest in mining properties which provides for periodic payments, such amounts unpaid are not recorded as a liability since they are payable entirely at the Company's option. As at December 31, 1999, the Company had no material option agreements outstanding.

Deferred Income Taxes

Income and resource taxes are accounted for by the tax allocation method. Under this method, income and resource taxes reflect the deferral of such taxes to future years. The deferral is a result of timing differences which arise when certain costs, principally amortization and deferred exploration, are claimed for tax purposes in different time periods than the related amounts are amortized in the accounts.

Long Term Investments

Long term investments which consist primarily of investments in public companies are recorded at cost less write-downs, when in management's opinion a permanent impairment in value has occurred. Fair values of these financial instruments are determined based on market prices.

Interest

Interest expense is charged to earnings except for interest that can be identified with a major capital expenditure program, which is capitalized during the development period.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates. The assets which required management to make significant estimates and assumptions in determining carrying value include long-term investments, capital assets and resource properties.

Fair Value of Financial Instruments

Financial instruments include cash, receivables, long-term investments, accounts payable and loans from related parties. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, fair values approximate carrying values for these financial instruments.

Uncertainty Due To The Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Company, including those related to the customers, suppliers, or other third parties, have been fully resolved.

Stock Option Plan

The Company has a stock option plan, which is described in Note 6. No compensation expense is recognized when stock options are granted under this plan. Consideration paid on exercise of stock options is credited to share capital.

(Stated in Canadian Dollars)

December 31, 1999

1. Nature of Business

Cusac Gold Mines Ltd. (the "Company") is in the business of exploring, developing and mining resource properties. The recoverability of amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to recommence producing gold at the Table Mountain Mine and future profitable production or proceeds from the disposition of such properties.

2. Long Term Investments, at Cost Less Write-Downs

	1999	1998
Investments		
Pacific Bay Minerals Ltd., 5% interest in common shares (1998 - 10%)	$ **41,910**	80,700
Demand Ventures Ltd., 9% interest in common shares (1998 – 9%) and warrants	**81,278**	30,216
International Taurus Resources Inc., 0% interest in common shares (1998 – 0%)	**500**	29,400
	123,688	140,316
Advances		
Demand Ventures Ltd.	**-**	15,445
Pacific Bay Minerals Ltd.	**126,053**	83,000
	$ **249,741**	$ 238,761

During 1998, the Company provided a $22,311 reserve for uncollectible amounts in relation to advances to Alaskagold Mines Inc. The Company however intends to aggressively pursue the collection of these advances.

(Stated in Canadian Dollars)

2. Long Term Investments, at Cost Less Write-Downs – Continued

Alaskagold Mines Inc., Pacific Bay Minerals Ltd. and Demand Ventures Ltd. have common directors with the Company.

Aggregate cost and market value information with respect to long-term investments as at December 31, 1999 and 1998 are summarized as follows:

	1999	1998
Aggregate cost, net of write-downs	**$ 123,688**	$ 140,316
Aggregate market value	**$ 195,783**	$ 140,316
Gross unrealized losses	**$ 8,995**	$ -
Gross unrealized gains	**$ 81,090**	$ -

During 1999, 1998 and 1997, the Company wrote down the value of its long-term investments and advances as follows:

	1999	1998	1997
Investments			
Alaskagold Mines Inc.	$ -	$ 20,500	$ -
Pacific Bay Minerals Ltd.	-	216,720	-
Demand Ventures Ltd.	-	267,732	-
International Taurus Resources Inc.	-	13,264	168,750
Advances	-		
Alaskagold Mines Inc.	-	22,311	-
	$ -	$ 540,527	$ 168,750

(Stated in Canadian Dollars)

3. Capital Assets

	1999			1998
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Mine plant and buildings	**$ 515,265**	**$ 486,602**	**$ 28,663**	$ 80,190
Mine equipment	**1,553,013**	**1,497,114**	**55,899**	189,537
Office equipment	**57,927**	**39,936**	**17,991**	2,838
Automotive equipment	**135,380**	**135,380**	**-**	7,487
	$ 2,261,585	**$ 2,159,032**	**$ 102,553**	$ 280,052

4. Resource Properties

	1999	1998
British Columbia, Canada		
Table Mountain Mine		
Cost of claims	**$ 773,122**	$ 773,122
Deferred exploration and development	**7,105,167**	7,105,167
	7,878,289	7,878,289
Less: amortization	**(3,550,000)**	(3,488,000)
write-down	**(2,100,000)**	(2,100,000)
	2,228,289	2,290,289
Taurus property		
Reclamation bond	**5,000**	-
	$ 2,233,289	$ 2,290,289

(Stated in Canadian Dollars)

4. Resource Properties - Continued

Table Mountain Mine

The Table Mountain Mine property (the "Property") is located in the Cassiar district of British Columbia. The Property consists of 199 (1998 – 208) full and fractional mineral claims and Crown Grants (approximately 1,175 units), with hard rock claims covering an area of approximately 25,242 hectares (97.5 square miles).

Included in deferred development costs is $114,444 on deposit with regulatory authorities to ensure costs of environmental reclamation charges are provided for.

Commitments:

Certain non-producing claims carry obligations for the Company to pay net smelter return royalties of 2½% and a 10% net profits interest on production from these claims.

Taurus Property

The Company entered an exploration and joint venture operation agreement (the "Agreement") for the exploration and possible development of 46 mineral claims located in the Liard mining district known as the Taurus Property. The Company has the right to earn a 60% interest in the property under the following terms:

The issuance of 100,000 shares on March 31, 2000 (shares were issued).
The issuance of 100,000 shares on March 31, 2001.
The issuance of 100,000 shares on March 31, 2002.
The issuance of 100,000 shares on March 31, 2003.

The Company has minimum annual work requirements in connection with the Taurus Property as follows:

Year ended September 29, 1999	$	300,000
Year ended September 29, 2000	$	300,000
Year ended September 29, 2001	$	1,000,000
Year ended September 29, 2002	$	500,000

In addition, the Company must pay net smelter return royalties of 2½% and assume responsibility for all potential environmental liabilities associated with this property.

During 1999, upon the disposition of certain equipment, the Company recovered and credited $45,000 to the Taurus Property exploration costs.

(Stated in Canadian Dollars)

4. Resource Properties - Continued

Prior Year Write-downs

With the significant decline in gold prices during 1997 and the declining grade of ore mined during 1997, management's projections indicated that the net revenue from future Table Mountain Mine production was not expected to be sufficient to recoup unamortized costs incurred. Accordingly, during 1997, the Company wrote down its deferred exploration and development costs a further $2,100,000 to reflect management's estimates of recoverable costs at the Table Mountain Mine.

During 1998, the Company incurred $105,381 in connection with the acquisition of property interests in Mexico. The Company subsequently abandoned these interests and wrote-off the related costs in 1998.

5. Loans From Related Parties

Loans payable to directors and Demand Ventures Ltd., bearing no interest or fixed terms of repayment amounted to $186,321 (1998 - $44,872). The fair value of these loans was not practical to determine.

6. Share Capital

a) Issued common shares

	1999 Number of Shares	**1999** Amount	1998 Number of Shares	1998 Amount	1997 Number of Shares	1997 Amount
Shares Issued						
Balance, beginning of year	**22,253,731**	**$15,347,723**	18,643,731	$ 13,935,810	17,653,731	$ 13,221,810
Issued during the year for:						
Cash	**655,000**	**122,500**				
Options exercised	**150,000**	**23,500**	1,300,000	395,000	990,000	714,000
Conversion of special warrants	-	-	2,310,000	1,016,913	-	-
	23,058,731	**15,493,723**	22,253,731	15,347,723	18,643,731	13,935,810
Less: investment in Company shares	**(4,000)**	**(1,600)**	(4,000)	(1,600)	(4,000)	(1,600)
Balance, end of year	**23,054,731**	**$15,492,123**	22,249,731	$ 15,346,123	18,639,731	$ 13,934,210

(Stated in Canadian Dollars)

6. Share Capital - Continued

b) The following table summarizes warrants issued and exercised during 1999, 1998 and 1997:

	Number
Balance, December 31, 1996	1,461,000
Issued	2,310,000
Expired	(236,000)
Balance, December 31, 1997	3,535,000
Expired	(2,310,000)
Balance, December 31, 1998	1,225,000 *

* exercisable at US$1.07 and expired January 23, 2000.

In addition, the Company issued warrants to acquire 17,500 Preferred Share Units, exercisable at US$12.00 which expired January 11, 2000.

c) During 1997, through a private placement, the Company issued 2,100,000 special warrants. An additional 210,000 special warrants were issued in consideration for waiving the filing of a prospectus relating to these special warrants.

	Special Warrants	Amount
Private placement	2,100,000	$1,260,000
Additional special warrants issued	210,000	-
Financing costs	-	(243,087)
	2,310,000	$1,016,913

Each special warrant entitled the holder to one common share and one share purchase warrant. In 1998, the special warrants were converted to common shares and the share purchase warrants were issued entitling the holder to purchase one additional share at $.70 to August 28, 1999.

(Stated in Canadian Dollars)

6. Share Capital - Continued

d) Stock Options

The Company has a Stock Option Plan ("the Plan") for directors, officers and employees. There are restrictions on the number of common shares to be reserved for individuals and insiders under the Plan. Options granted must be exercised no later than ten years after the date of the grant or such lesser periods as regulations required. The maximum number of Common Shares to be issued under the Plan is 3,000,000 provided that the Company can not have at any given time more than 20% of its issued shares under option.

The following table summarizes the number of common shares under option and the exercise price thereof:

	1999	1998	1997
Outstanding, beginning of year	**1,525,000**	1,160,000	1,085,000
Granted (per share)			
$0.15 to $0.20 in 1999	**100,000**	-	-
$0.17 to $0.35 in 1998	-	3,030,000	-
$0.68 to $1.05 in 1997	-	-	2,380,000
Cancelled or expired			
$0.15 to $0.70 in 1999	**(715,000)**	-	-
$0.35 to $0.77 in 1998	-	(1,365,000)	-
$0.77 to $1.30 in 1997	-	-	(1,315,000)
Exercised			
$0.15 to $0.16 in 1999	**(150,000)**		
$0.17 to $0.35 in 1998	-	(1,300,000)	-
$0.70 to $0.90 in 1997	-	-	(990,000)
	1,760,000	1,525,000	1,160,000

(Stated in Canadian Dollars)

6. Share Capital - Continued

At December 31, 1999, common share options were exercisable as follows:

Number	Exercise Price	Expiry Date
480,000	$0.35	January 27, 2003
500,000	$0.15	October 7, 2000
430,000	$0.17	October 28, 2000
300,000	$0.25	June 24, 2003
50,000	$0.30	June 24, 2003
1,760,000		

For each share option exercised during the three-year period ended December 31, 1999, one common share was issued. At the date of issuance of the share options, the exercise price of the options was equal to the market value of the common shares. Accordingly, no compensation expense was recorded in connection with the issuance of these options.

e) Subsequent to December 31, 1999, the Company issued 650,000 common shares and 650,000 warrants to acquire an equal number of common shares at $0.20 per share if exercised during the first year and at $0.24 if exercised during the second year, for proceeds of $97,500.

f) During 1998, the Company acquired, at cost, 1,200,000 shares from directors or individuals related to directors. These shares were subsequently sold, generating transaction losses totaling $54,384. Losses on these capital transactions have been recorded as charges against the Company's deficit.

7. Income Taxes

The Company has, in Canada, approximately $9,200,000 in income tax loss carryforwards expiring between 2000 and 2006. Its inactive US subsidiary has approximately $3,800,000 in non-capital losses available to offset against future taxable income. These losses expire between 2002 and 2006.

(Stated in Canadian Dollars)

8. Related Party Transactions

a) Remuneration paid or payable to directors and officers of the Company in 1998 amounted to $184,500 (1998 – 236,000; 1997 - $226,000).

b) During 1999, the Company received $60,000 (1998 - $60,000; 1997 – $105,000) for rent and administrative services provided to companies with common directors.

The above-noted transactions were in the normal course of business and were measured at the exchange value which was the amount of consideration established and agreed to by the related parties.

9. Commitments

Pursuant to an employment contract, the Company is obligated to pay $7,500 per month in compensation to its president until December 31, 2002, subject to certain conditions.

The Company has entered into an operating lease for its office premises which requires minimum lease payments until January 31, 2002 as follows:

2000	$ 74,400
2001	74,400
2002	6,200
	$ 155,000

10. Earnings (Loss) Per Share

Earnings (loss) per share is determined by dividing the earnings (loss) for the year by the weighted average number of shares outstanding during the year, as follows:

	1999	1998	1997
Weighted average number of shares outstanding	**22,665,397**	20,569,963	18,138,689

11. Differences Between Canadian and United States Generally Accepted Accounting Principles

As discussed in the Summary of Significant Accounting Policies, these consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada.

Differences in accounting principles as they pertain to these financial statements are as follows:

a) Accounting for Warrants Issued in Connection with Debt

Canadian generally accepted accounting principles previously permitted warrants issued in connection with debt to be accounted for at the date of exercise. United States generally accepted accounting principles require that a portion of the proceeds of the debt securities be allocated to the warrants and be accounted for as paid-in capital.

b) Accounting for Share Capital Transaction Losses

Canadian generally accepted accounting principles require these losses to be charged to contributed surplus or deficit whereas United States generally accepted accounting principles require these losses to be charged to share capital.

c) Accounting for Unrealized Losses on Long-Term Investments

Canadian generally accepted accounting principles require long term investments to be recorded at cost and written down to reflect permanent impairments in value. Writedowns are recorded in the Statement of Operations. United States generally accepted accounting principles would require the Company's long term investments to be recorded at fair value in accordance with Financial Accounting Standard ("FAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities". Unrealized gains and losses are recorded as other comprehensive income which is a separate component of shareholders' equity, except for declines in fair value that are determined to be permanent. Permanent declines in value are charged to the Statement of Operations.

The US GAAP net loss, comprehensive loss and deficit for 1998 and 1997, has been restated to reflect the writedowns for those years as permanent.

(Stated in Canadian Dollars)

11. Differences Between Canadian and United States Generally Accepted Accounting Principles - Continued

The impact of the above on the financial statements is as follows:

	1999	1998	1997
Net loss per Canadian and United States GAAP	$ (743,291)	$ (1,307,932)	$ (7,746,199)
Other comprehensive income	72,095	-	-
Comprehensive loss per United States GAAP	$ (671,196)	$ (1,307,932)	$ (7,746,199)
Deficit per Canadian GAAP	$ 13,320,369	$ 12,577,078	$ 11,214,762
Adjustment related to share capital transaction loss	(54,384)	(54,384)	-
Adjustment related to amortization of discount on long-term debt	300,000	300,000	300,000
Deficit per United States GAAP	$ 13,565,985	$ 12,822,694	$ 11,514,762
Accumulated other comprehensive income per Canadian GAAP	$ -	$ -	$ -
Adjustment related to unrealized income on investments	72,095	-	-
Accumulated other comprehensive income per United States GAAP	$ 72,095	$ -	$ -
Share capital per Canadian GAAP	15,492,123	$ 15,346,123	$ 13,934,210
Adjustment related to share capital transaction loss	(54,384)	(54,384)	-
Share capital per United States GAAP	$ 15,437,739	$ 15,291,739	$ 13,934,210
Paid-in capital per Canadian GAAP	$ -	$ -	$ -
Adjustment related to issuance of share purchase warrants	300,000	300,000	300,000
	$ 300,000	$ 300,000	$ 300,000

11. Differences Between Canadian and United States Generally Accepted Accounting Principles - Continued

d) In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 requires companies to recognize all derivatives contracts as either assets or liabilities in the balance sheet and to measure them at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000.

Historically, the Company has not entered into derivatives contracts either to hedge existing risks or for speculative purposes. Accordingly, the Company does not expect adoption of the new standards on January 1, 2001 to affect its financial statements.

12. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

FORM 61

QUARTERLY REPORT

Incorporated as part of: X **Schedule A**

X **Schedules B & C**

(Place X in appropriate category)

ISSUER DETAILS:

NAME OF ISSUER CUSAC GOLD MINES LTD.

ISSUER ADDRESS 3RD FLOOR – 322 WATER STREET

VANCOUVER, B.C. V6B 1B6

CONTACT PERSON GUILFORD H. BRETT

CONTACT'S POSITION DIRECTOR

CONTACT TELEPHONE NUMBER 682-2421

FOR QUARTER ENDED DECEMBER 31, 1999

DATE OF REPORT MAY 19, 2000

CERTIFICATE

THE SCHEDULES(S) REQUIRED TO COMPLETE THIS QUARTERLY REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS QUARTERLY REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT. PLEASE NOTE THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B & C.

GUILFORD H. BRETT	Guilford Brett	00/05/19
NAME OF DIRECTOR	SIGN (TYPED)	DATE SIGNED (YY/MM/DD)
DAVID H. BRETT		00/05/19
NAME OF DIRECTOR	SIGN (TYPED)	DATE SIGNED (YY/MM/DD)

(Signatures for this Form should be entered in TYPED form)

CORPORATE INFORMATION

Corporate Office	Cusac Gold Mines Ltd. 3rd Floor – 322 Water Street, Vancouver, BC, Canada V6B 1B6 phone: (604) 682-2421 fax: (604) 682-7576
Securities Listing	Common Shares: Toronto Stock Exchange CQC OTC Bulletin Board CUSIF
Internet	WWW site: http://www.cusac.com E-mail address: cusac@uniserve.com
Transfer Agents	Pacific Corporate Trust 830-625 Howe Street, Vancouver, BC, Canada V6C 3B8
Co-Transfer Agents	Pacific Corporate Trust 55 University Avenue, Suite 1705, Toronto, Ontario, Canada M5J 2H7
Solicitors	Getz Prince Wells 1810-1111 West Georgia Street, Vancouver, BC, Canada V6E 4M3
Auditors	BDO Dunwoody 300-505 Burrard Street, Vancouver, BC, Canada V7X 1T1
Bank	Canadian Imperial Bank of Commerce Commerce Place, 400 Burrard Street, Vancouver, BC, Canada V6C 3A6

Guilford H. Brett, BA – Chairman, CEO & Director
Founder of Cusac Gold mines in 1966, Mr. Brett brings a wealth of experience in all facets of the management and financing of junior resource companies.

David H. Brett, BA - Vice President & Director
David Brett has over 15 years experience in mineral exploration and public company management.

Luard J. Manning, P.Eng. - Director
Mr. Manning is a mining engineer with over 30 years experience in underground mining throughout Canada.

Cusac Gold Mines Ltd.

3rd Floor – 322 Water Street
Vancouver, B.C. V6B 1B6
Phone: (604) 682-2421

QUARTERLY REPORT

British Columbia Securities Commission FORM 61 – B & C

2nd Quarter

Ending June 30, 2000

APPROVED

"GUILFORD H. BRETT" DIRECTOR	Guilford H. Brett	DATE SIGNED Y M D 00 /08 /30
"DAVID H. BRETT" DIRECTOR	David H. Brett	DATE SIGNED Y M D 00 /08 /30

A COPY OF THIS MATERIAL IS MAILED TO EACH SHAREHOLDER REQUESTING SAME PURSUANT TO POLICY STATEMENT No. 41

CUSAC GOLD MINES LTD.
QUARTERLY REPORT - FORM 61
THREE MONTH PERIOD ENDED JUNE 30, 2000

SCHEDULE B: SUPPLEMENTARY INFORMATION

Management fees totalling $22,500 were paid to directors and officers, during the six month period ended June 30, 2000.

1. Resource properties, British Columbia, Canada

a) Table Mountain mine

Table Mountain Mine, located in the Cassiar district, B.C., consists of 208 mineral claims and Crown grants (approx. 1,050 units) covering an area of approx., 25,242 hectares. Commitments with respect to these claims include royalty payments of $12,000. Annually. Certain non-producing claims carry obligations for the Company to pay net smelter return royalties of 2.5% and a 10% net profits interest on production from these claims.

Cost of claims	$	773,122
Deferred expenditures thereon		7,105,167
		7,878,289
Less, amortization & write down		(5,668,000)
	$	2,210,289
Taurus		20,000
	$	2,230,289

(b) Taurus Option

Cusac Gold Mines Ltd. has entered into an agreement with International Taurus Resources Inc. in developing the Taurus Property near Cassiar BC. Cusac has the right to earn a 60% interest in the Property under the following option terms.

The issuance of 100,000 Cusac Shares on March 31,2000 (shares were issued).
The issuance of 100,000 Cusac Shares on March 31, 2001.
The issuance of 100,000 Cusac Shares on March 31, 2002.
The issuance of 100,000 Cusac Shares on March 31, 2003.

In the event of a share consolidation, the cardinal amount of any unissued shares will remain the same. (i.e. these figures are not subject to any consolidation ratio.)

CUSAC GOLD MINES LTD.
QUARTERLY REPORT - FORM 61
SIX MONTH PERIOD ENDED JUNE 30, 2000

SCHEDULE B: SUPPLEMENTARY INFORMATION (continued)

2. Options Exercised during the Quarter - Nil

   Common Share Options Granted during the Quarter - Nil

   Options cancelled during the Quarter – nil.

3. a) Authorized, 100,000,000 common shares, no par value
   5,000,000 preferred shares, no par value
   Issued, 23,804,731 common shares, and

   b) Warrants and common share stock options outstanding,
   Warrants,
   650,000 common shares at $0.20 per share, before February 2001 and
   $0.24 before February 2002.

   Options Outstanding:

Number	Exercise Price	Expiry Date
480,000	$0.35	January 27, 2003
500,000	$0.15	October 7, 2000
430,000	$0.17	October 28, 2000
300,000	$0.25	June 24, 2003
50,000	$0.30	June 24, 2003
1,760,000		

   c) Escrow shares - nil

   d) Directors - Guilford H. Brett, David H. Brett, Luard J. Manning

Managements Discussion and Analysis of Financial Condition and Results of Operations

Period ended June 30, 2000

Overview

The depressed gold market continues to wreak havoc on Junior Gold Mining Stocks, and Cusac is no exception. However, the management of the company has maintained this excellent underground mine, under care and maintenance, debt free and fully permitted. The mineral tenure of 100sq miles of staked claims are still 90% in tact. The mill is fully operational and can be put into service immediately. A price of $310 to $330/oz of gold is necessary to resume production.

The company has raised $97,000.00 flow-through financing and will start a drill program by early summer. Several excellent targets have been evaluated for drilling.

In the light of this long and depressed gold market, the company has been assessing a number of alternate Platinum-Palladium projects of merit. Several properties in the Sudbury basin area of Ontario were considered but found wanting. The company was fortunate in locating an excellent Platinum-Palladium exploration project in central B.C.

Dr. Bruce Perry PhD, University of Toronto, specializing in the Platinum and Palladium group metals, said in his Summary Report to the Vendor dated June 11th 1999,
"I have been actively seeking prospective PGE exploration projects, recently in B.C. Besides your property's significant known potential for Gold mineralization as described in the above-mentioned reports which indicated Gold assays up to 3.5 ounces of Gold per ton and 18 ounces of Silver per ton, I believe that your property is also a legitimate and exciting candidate for exploration for Platinum-Palladium, Nickel and Chromium."

He further states in the same report,
"Considering that the mafic-ultramafic intrusive located in your claim group is reasonably large, having been indicated to be at least nine km long with a surface width up to 1.3km (White; 1988; Corona Corp., 1990; B.J. Price 1996), and considering that Noranda's 1967 soil geochemical survey identified nickel anomalies variably occupying approximately 5km of the strike of the intrusion, including one individual anomaly approximately 2500m long by 500m wide, one can only conclude in the light of the presence of Platinum and Palladium in the two above-mentioned prospecting samples (Wells, 1988) that this situation presents excellent potential for the presence of a Nickel-Platinum-Palladium bearing sulphide reef, of a style similar to the J-M reef at the Stillwater Mine in Montana, USA"

Cusac has signed an agreement with the vendor, and is talking to a number of financial groups to fund the project. The first phase of the exploration program is $100,000 plus a $10,000 down payment. Cusac has an option to acquire an 85% interest in the property through a staged agreement. Platinum-Palladium are the metals to be in at the moment, as platinum sells in the $500us/oz range and Palladium sells in the $600 to $700us/oz range

We look for your continued support in these tough times, and fervently believe this well regarded platinum property will develop into a major asset for our company.

Results of Operations

Second quarter ended June 30, 2000 compared with the second quarter ended June 30, 2000.
No production occurred during the first 6 months of the year due to the depressed gold price.

Liquidity and Capital Resources

Cusac's capital resources have been derived from generated cash flows from mining operations, bank loans, as well as proceeds sale of common and preferred shares. The company currently has no long-term debt. Given that operations at Table Mountain have been drastically curtailed, the company will be dependant to a degree on equity and/or other financing to meet the company's ongoing working capital requirements. A working capital deficit at June 30, 2000 was $325,753 compared with a working capital deficit of $91,807 in 2000.

CUSAC GOLD MINES LTD.
QUARTERLY REPORT - FORM 61

CONSOLIDATED BALANCE SHEET (Prepared by Management, without audit)

	June 30, 2000	June 30, 1999
ASSETS		
Current		
Cash	$ 35,621	$ 12,616
Receivables	56,528	152,665
Inventories	--	
Prepaid expenses	10,200	59,800
	102,349	225,081
Long term investments	184,528	205,666
Capital assets, net of amortization	92,180	246,872
Resource properties	2,240,289	2,248,289
	$ 2,619,346	$ 2,925,908
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current		
Accounts payable	$ 210,030	$ 227,016
Loans from directors	218,072	89,872
	428,102	316,888
SHAREHOLDERS' EQUITY		
Share capital		
Authorized, 100,000,000 common shares		
5,000,000 preferred shares		
Issued, 24,214,731 common shares	15,666,123	15,484,623
Deficit	(13,474,879)	(12,875,603)
	2,191,244	2,609,020
	$ 2,619,346	$ 2,925,908

CUSAC GOLD MINES LTD.
QUARTERLY REPORT - FORM 61

CONSOLIDATED STATEMENT OF INCOME AND DEFICIT

	Six month period ended June 30, 2000	June 30, 1999
Table Mountain operations		
Revenue	$ --	$ 201,030
Costs		208,367
	--	(7,337)
Expenses		--
Exploration	39,874	
Administration	165,696	257,703
Amortization, capital assets	12,083	33,848
Amortization, resource properties	18,000	42,000
	235,653	333,551
Other Income		
Gain on sale of investments	67,863	42,363
Gain on equipment disposal	4,768	--
Management fees	7500	--
Interest	1012	--
	81,143	42,363
Loss for period	154,510	(298,525)
Deficit, beginning of period	13,320,369	12,577,078
Deficit, end of period	$ 13,474,879	$ 12,875,603

SCHEDULE OF ADMINISTRATION COSTS

	Six month period ended June 30, 2000	June 30, 1999
Professional fees	$ 2,227	$ 14,000
Management fees	45,000	89,888
Financing fees	7,277	5,367
Office rent	37,510	40,315
Secretarial Services	12,863	50,511
Listing and transfer agents fees	21,799	2,130
Promotional expense	15,916	4,261
Report to shareholders	4,975	6,257
Travel	6,717	10,708
Office and general	49,212	46,266
	203,496	287,703
Office rent & services recovered from related companies	(37,800)	(30,000)
	$ 165,696	$ 257,703

CUSAC GOLD MINES LTD.
QUARTERLY REPORT - FORM 61

CONSOLIDATED STATEMENT OF CASH FLOW

	Six month period June 30, 2000	June 30,1999
Cash provided by (used for)		
Loss for period	$ (154,510)	$ (298,525)
Items not involving cash		
Amortization of capital assets	12,083	33,848
Amortization of resource properties	18,000	42,000
	(124,427)	(222,677)
Net changes in		
Receivables	(39,276)	73,404
Prepaid expenses	18,600	(59,800)
Accounts payable	(64,394)	9,450
Cash provided (used) by operations	(209,497)	(346,431)
Financing activities		
Directors' loans	31,751	45,000
Issuance of shares	76,500	--
Issuance of flow-through shares	97,500	138,500
	205,751	183,500
Investing Activities		
Investment in affiliated companies	65,213	33,095
Acquisition of capital assets	(1,710)	(668)
Acquisition of resource properties	(25,000)	--
	38,503	32,427
Increase (Decrease) in cash	34,757	(130,504)
Cash, beginning of period	864	143,120
Cash, end of period	$ 35,621	$ 12,616

CUSAC GOLD MINES LTD.
QUARTERLY REPORT - FORM 61

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2000

1. Principles of consolidation

   These consolidated financial statements include the accounts of Cusac Gold Mines Ltd. and its inactive, wholly-owned subsidiary Gulf Titanium Inc. All inter-company balances have been eliminated.

2. Long-term investments

Investments	Amount
Alaskagold Mines Inc.	--
Pacific Bay Minerals Ltd.	$ 41,910
Demand Ventures Ltd.	3,926
International Taurus Resources Inc.	500
	46,336
Advances	
Pacific Bay Minerals Ltd.	138,192
	$ 184,528