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September 21, 2000.

Cusac Gold Mines Ltd.,  
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Attn: Mr. Gill Brett,  
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Mr. Bruce Perry.

**Geophysical Program at the Golden Loon Property**

523-7090

The recently completed program has outlined several Induced Polarization anomalies that display very significant size and amplitude. Very strong increases in magnetic field strength are co-incident with most of the strongest I.P. responses. The I.P. and magnetic anomalies are, in general, complex and are likely composed of many closely spaced zones of magnetite and sulphide mineralization. While it is not unusual to get strong I.P. and magnetic and VLF-EM responses from serpentinized ultramafic rock, these anomalies are more suggestive of narrow discrete zones, perhaps suggesting a well-differentiated intrusion. Many of the anomalies are also displaying very good width, but limited depth extend, thus in some cases we may be dealing with flat lying zones of mineralization. Detailed geological work will help sort this out.

There is often a correlation of increased resistivity with increased I.P. responses. As mentioned earlier however, these are complex anomalies where frequently the flanking and/or deeper I.P. responses correlate with very significant decreases in resistivity.

In any event, it's very clear that very significant geophysical anomalies have been outlined in this large line separation recon-type survey. Further geological work, particularly an expanded program of trenching, is warranted to evaluate the shallow, significant geophysical responses.

Some of the most significant responses are listed below, however there are many other narrow, discrete zones that also deserve further consideration. The significance of many of these anomalies needs to be evaluated with the detailed geology maps.

**LINE 1000E.**

- a strong, broad, near surface I.P. response centered at 3+50N, correlates with lower resistivity, particularly at depth.
- this anomaly correlates with a flanking, strong magnetic anomaly.

**LINE 500E.**

- a mineralized, narrow, major fault structure probably occurs at 1+25 south.
- this anomaly correlates with a flanking strong magnetic anomaly.

**LINE 0+00.**

- a broad, very near surface I.P. response centered at 2+50N correlates with a series of narrow zones of higher resistivity, perhaps indicative of silicification. Evaluation of this anomaly should give a good idea of the nature of the multiple deeper I.P. anomalies to the north.
- while this anomaly is co-incident with increased magnetic field strength, it's important to note that not all strong magnetic responses have correlating I.P. responses.

**LINE 5+00W.**

- a very significant broad, near surface I.P. response occurs at 2+00S. Note that this anomaly correlates with a very significant decrease in resistivity. This anomaly also correlates with a very significant increase in magnetic field strength. While this is a broad I.P. response, it's clear that depth extent is limited, thus it may be flat lying.
- a significant broad, very near surface I.P. response also occurs at 5+00N. This is a complex response resulting from closely spaced individual zones. This interesting anomaly occurs on the north flank of a significant magnetic anomaly.

**LINE 3500W.**

- a broad, complex, near surface I.P. anomaly at 2+00S correlates with significant magnetic field strength anomalies.
- a narrow, strong, near surface I.P. response at 5+50N correlates with a narrow, extremely strong increase in magnetic field strength.

**LINE 4000W.**

- a strong, broad, near surface I.P. anomaly at 1+25S may be indicative of the very large, but slightly deeper I.P. response extending to the south.

**LINE 5000W.**

- two strong and near surface I.P. responses occur at 7+00N and 7+75N, in an area of very strong magnetic field strength.
- a very broad I.P. anomaly centered at 2+25N is correlating with an interesting significant increase in resistivity. This anomaly also occurs within an area of strong magnetic field strength. The strong flanking I.P. response at 3+50N, whilst of limited depth extent, is still of exploration interest.



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**Cusac Gold Mines Ltd.**

Listed: CQC.T (Toronto Stock Exchange)

CUSIF (OTC Bulletin Board)

Recent Price – U.S. \$.10 - \$.12 – Cdn \$.15 - \$.18

Shares Outstanding – 24 million

Float – 18 million

**Summary**

Cusac has acquired an option on the Golden Loon Platinum-Palladium property north of Kamloops, British Columbia. The option has been entered into with Tilava Mining Corporation to acquire 85% of the Golden Loon property. The property consists of 193 Units registered in the Kamloops mining district. Cusac has paid \$10,000 plus 100,000 shares of Cusac, subject to the TSE approval, and has committed a minimum exploration expense of \$100,000 to be completed by October 30, 2000. To complete the option and earn 85% Cusac must pay an additional \$200,000 cash and 300,000 shares staged over 4 years. A work commitment of \$2.5 million must also be completed by 2004.

The property is best described in a report dated June 11, 1999 by Dr. Bruce Perry, Ph.D., P. Geo, F.G.A.C., who's doctoral work specialized in P.G.E.'s at the University of Toronto. Dr. Perry states, "Considering that the (compositionally layered) 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 1.3 km (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".

Further, Dr. Perry states in the same report, "In regard to advancing the property and more fully exploring its mineral potential, I reviewed the previous explorations described in the above mentioned reports. It seems to me that given the large size of the property (6,000 ha) and the wide distribution of favorable lithologies (rock types), only a small portion of the property has been appropriately and intensively explored, mostly for Gold. To date, hardly any exploration has taken place for PGE's (Pt, Pd, Rh, Ir, Os, Ru), which in my opinion is very surprising considering the favorable geological and geochemical features of the property. This is readily apparent that both Platinum and Palladium occur

in compositionally layered mafic-ultramafic rocks on your property, and this association may be very important, indeed.”

Cusac commenced its exploration program June 15<sup>th</sup>, 2000. Under the direction of Dr. Perry, crews have completed extensive line cutting in preparation for geophysical surveys. Additional claims have been staked to protect an area of high nickel geochemistry. Nickel is often associated with Platinum mineralization.

Cusac Gold Mines Ltd.'s Table Mountain Mines Project remains as the core asset of the company. It is a low risk gold mining project. The goal of the company is to explore and develop all of the known and inferred high-grade vein systems of the Table Mountain gold property.

The Table Mountain gold property is located in north central British Columbia near the former town-site of Cassiar. It is easily accessible by paved highways and is supported by an extensive infrastructure including several mines, a mill, tailings ponds, all necessary administrative and service buildings and power, road and water systems.

The mill and related production infrastructure are completely operational, with a history of successful production. The property has produced over 13 million grams of gold (425,000 ounces). There are no significant environmental and operational problems. All necessary permits are in place and full production can be resumed as soon as sufficient ore is developed and gold prices stabilize above \$300.00.

Production costs, based on past experience, are expected to be relatively low. All equipment is already in place. The majority of Cusac's large 100 square mile land position is wholly owned and free of royalties.

A development program has been designed to access ore within known high-grade veins in preparation for production. Exploration work has also been planned to locate and find reserves on inferred veins and vein extensions. The combined potential of these projects is 10 million grams of gold (32,100 ounces).

The Table Mountain Mines Project represents an exceptional opportunity to economically develop and mine significant quantities of high-grade gold ore without the usual high-risk capital investments and long-term development schedules.

The Company has dropped its option on the Taurus Gold Project near Cassiar, BC due to low gold prices. The deposit as described by Dr. William Bird in his report dated May 1999 contain a mineral inventory of 62,397,477 tons grading .80 grams/ton gold, or 1,613,745 oz of gold. The grade of the deposit does not appear economic at this time. Cusac retains a substantial claim holding in the immediate area of the deposit. Approximately 20% of the deposit as described by Dr. William Bird is on ground owned by Cusac.

Cusac has come a long way since 1968. Besides its mining successes it has survived a 15-year bear market in gold, which has destroyed many mining companies. The Table Mountain mines project is largely responsible for the company's success and longevity and should play an important part in Cusac's future. If historic direct cash costs of \$180.00 per ounce can be maintained, the project can make a significant contribution. All of the necessary plant and equipment are in place and are debt free, (some \$15 – 20 million worth).

Cusac traded for 18 years on NASDAQ and would still be trading there if listing rules hadn't been unilaterally and arbitrarily changed. A reverse split could have remedied this, but stockholders voted the action down.

Full due diligence reports are available from the Company. We feel purchase of this stock at this time represents an extraordinary speculative opportunity. Five short years ago this stock was US \$2.00 a share. There are only a handful of companies like Cusac still trading, which favors the upside in the stock. The momentous turnaround in central bank policy in the sale and leasing of gold has created a new paradigm. They have decreed gold is an asset again, which means it's back and here to stay. We see much higher gold prices over the next three years through inflation and eventually flight to quality. This stock should be accumulated now at giveaway prices. We have received no compensation from this Company.

For further information, contact the Company at 1-800-665-5101, or visit our web site at [www.cusac.com](http://www.cusac.com).

We are not compensated by the Company nor do we own the stock.

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