



THE GROWTH STOCK FORECASTER

Volume XVIII: January 1995

CUSAC INDUSTRIES LTD. ENTERING SECOND YEAR OF PRODUCTION

NASDAQ:	Common	CUSIF
	Preferred Stock	CUSPF
	Warrants	CUSWF
Totonto:	Common	CQC
Vancouver:	Common	CQC
Shares Auth.:	Common	100,000,000
Shares Issued:	Common	13,194,237
Approx. Float:	Common	9.2 Million
Curr. Trading		
Range:	Common	.90-1.00 CDN 5/8-11/16 US

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Cusac Industries Ltd. is involved in the exploration and development of gold properties in British Columbia, Canada. Cusac's Table Mountain property lies in a historic gold mining region near the Yukon border at the town of Cassiar, B.C. Mineral exploration companies and prospectors have searched this area and staked claims here since the turn of the century. Cusac began its own exploration of the area in the late 1970's staking its first claims in the Table Mountain property in 1978. Since that time, the company has by means of direct staking, by purchase and through option agreements with prior owners, assembled the 96.5 square miles of mineral claims and crown grants which define the property today. This large property covering the Sylvester Greenstone Belt, represents one of the most prolific gold belts in Western Canada.

PROPERTY BACKGROUND

Several other companies were exploring this area during the late 1970's, including Erickson Gold Mines Corp. During the 1970's and 1980's Erickson discovered, mined and milled several highly productive gold-bearing veins in the Table Mountain area. In the early 1980's Cusac had discovered several gold-bearing veins of their own and in order to fund development and production of these areas, granted Erickson an option to acquire Cusac's property interests, upon which Cusac retained a 40% net profits interest. Erickson was acquired in 1985 by Energold, an affiliate of the French government-affiliated energy company Total Compagnie Francaise des Petroles. To pursue a more aggressive underground gold exploration program, Total shut down mine production in 1988 and, eventually, terminated all operations at the property in 1990 after the company decided to get out of the mining business. The work completed during that time, however, resulted in the discovery of several gold-bearing veins. As a result of Total's electing to divest certain of its North American mineral property interests, Cusac, in January of 1993, acquired from Energold the Table Mountain properties formerly owned by Cusac along with the adjoining claims held by Energold and the mining equipment and development completed to that date.

PROJECT DEVELOPMENT

In September of 1993, the company borrowed \$2 Million US from a European banker and began developing and mining gold-bearing ore and in April 1994 began milling operations at its on site, 300-ton per day gravity flotation mill. Since April 1994, Cusac has successfully milled over 35,000 tons of ore producing approximately 14,000 ounces of gold at an average grade of approximately 0.4 ounces of gold per ton.

For the nine months ended September 30, 1994, Cusac had revenues of \$6.4 Million from the sale of the gold concentrates produced from April. Cusac reported net income of \$2.2 Million, or \$0.17 per share, for the first nine months of fiscal 1994. The company expects to double their production in 1995 with production costs of approximately \$200.00 per ounce. In addition the majority of the initial \$2 Million development loan has been repaid so that the company is virtually debt free entering the 1995 production season.

1995 PRODUCTION

Cusac is in the process of accessing and developing reserves in the Michelle High Grade Zone near the West Bain Vein the site of 1994 production. Previous drilling has indicated a number of separate ore-grade structures that the company believes, could provide multiple mining faces and increased ore production in 1995. Surface drilling has indicated ore grades of more than three ounces of gold per ton from several of the twenty two drill intercepts on the Michelle High Grade Vein. Work is currently underway on a 650 ft., 10' x 12' decline to access the vein and prepare it for mill feed. The company has already uncovered a very high grade vein which was discovered by cross cutting from the new decline. This new vein has been named the "Big Vein" and roughly parallels the direction of the new decline. Chip samples taken from this new vein assayed as high as 21.60 oz. of gold per ton over 7.2'. As a frame of reference the breakeven grade at the mine is .2 ozs of gold per ton. The company will develop the "Big Vein" this winter for mill feed in the spring. Additional diamond drilling will be done to further test the length and depth of the "Big Vein".

Estimated reserves in the Michelle High Grade Zone are approximately 24,000 tons of ore containing .818 ounces of gold per ton. This is a minimum estimate only. The company believes that this high grade vein swarm could contain upwards of 100,000 ounces of gold. Overall the company's geologist estimates potential reserves of 846,150 tons grading 0.49 ounces of gold per ton. These reserves could be discovered and delineated over a period of 2-10 years as a result of extensive surface exploration and drill programs on identified vein.

MANAGEMENT

Guilford Brett is a founder of the company and has served as its President and Chief Executive Officer and a Director since the company was founded in 1966. In that capacity he has prospected and explored mineral resource properties himself and directed the company's prospecting and

exploration efforts. Mr. Brett was the discoverer and staker of the Cusac property in 1978.

Earl Essery has been the company's Chief Financial Officer, Secretary and Treasurer since 1981 and a Director since 1980. Mr. Essery is also a chartered accountant.

Martin Sadd with Cusac since 1986 has been Vice President of Operations and a Director since 1989. Mr. Sadd has significant underground and other mining operation experience with Cusac in Montana before the startup of the company's Table Mountain mine in 1993.

Cusac currently has 18 US market makers. The average daily volume for the past 20 months was 80,654 shares.

CORPORATE INFORMATION

Consulting

Geologists:

Leslie Henderson
Geologist
Matt Ball, M.Sc.
Geologist,
Table Mountain Project.
Giles Walker
Geologist,
Helena, Montana.
Ralph D. Westervelt, M.Sc.
P. Eng., North Vancouver.

Solicitors:

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1810-1111 West Georgia St.
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Auditors:

BDO Dunwoody Ward Mallette
One Bentall Centre
300-305 Burrard St.
Vancouver BC V7X 1T1

Transfer

Agents:

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830-625 Howe St.
Vancouver BC V6C 3B8

R.M. Trust
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Toronto Ontario M5G 1E6

Bank:

Bank of Nova Scotia
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CUSAC HIGHLIGHTS

COMMON SHARES

CUSIF OTC/NASDAQ
CQC.V Vancouver
CQC.T Toronto

PREFERRED SYMBOLS

Stock CUSPF
Warrants CUSWF

Outstanding Shares 13,194,237
Approx. Float 9.2 Million

- A. **PROVEN MANAGEMENT** Guilford Brett, President of Cusac, has over thirty years experience in mining.
- B. **PROPERTY LOCATION** Approximately 100 square miles of claims 100% owned by Cusac. Located 70 miles south of Watson Lake on the Watson-Cassiar-Stewart Highway in Northern British Columbia.
- C. **HISTORIC PRODUCTION** 1978-1988 production was 226,900 troy ounces, recovered from 572,000 tons grading .4202 ounces of gold per ton.
- D. **1994 PRODUCTION** Approximately 14,000 ounces of gold from 35,000 tons between April and October.
- E. **1994 REVENUE/EARNINGS** \$6.4 Million CDN. since milling operations in April, 1993. 9 months earnings of 13¢ US per share from April through October. The company netted \$2,246,621 CDN.
- F. **MILL FACILITY** 300 ton per day capacity, gravity flotation mill. Diesel power generated at millsite also powers both existing mine sites.
- G. **1995 PRODUCTION** Michelle High Grade, Big Vein and Bain Vein are targeted for 1995 processing. It is probable that the company will double its gold output in 1995.
- H. **PRODUCTION COST** Estimated at \$200.00 per ounce of gold.
- I. **ORE RESERVES** In total there are an estimated 104,000 tons in the proven and probable category in two prominent vein structures the Bain and Michelle High Grade. Only 15% of the 100 square mile property has been actively investigated. Company geologists estimate 846,150 tons of potential reserves grading 0.49 ounces of gold per ton. Cut-off grade of profitable ore is .20 ounces of gold per ton.
- J. **PREFERRED STOCK** Investors have the option of receiving a dividend which will fluctuate with the price of gold. Payable in either cash or gold certificates.