

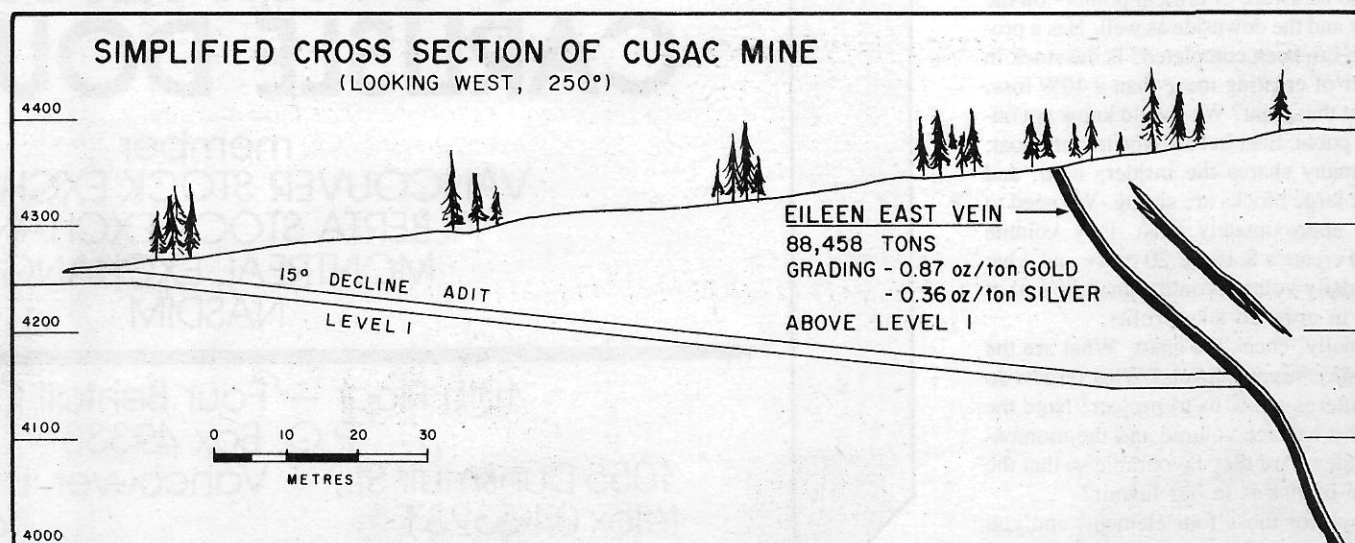
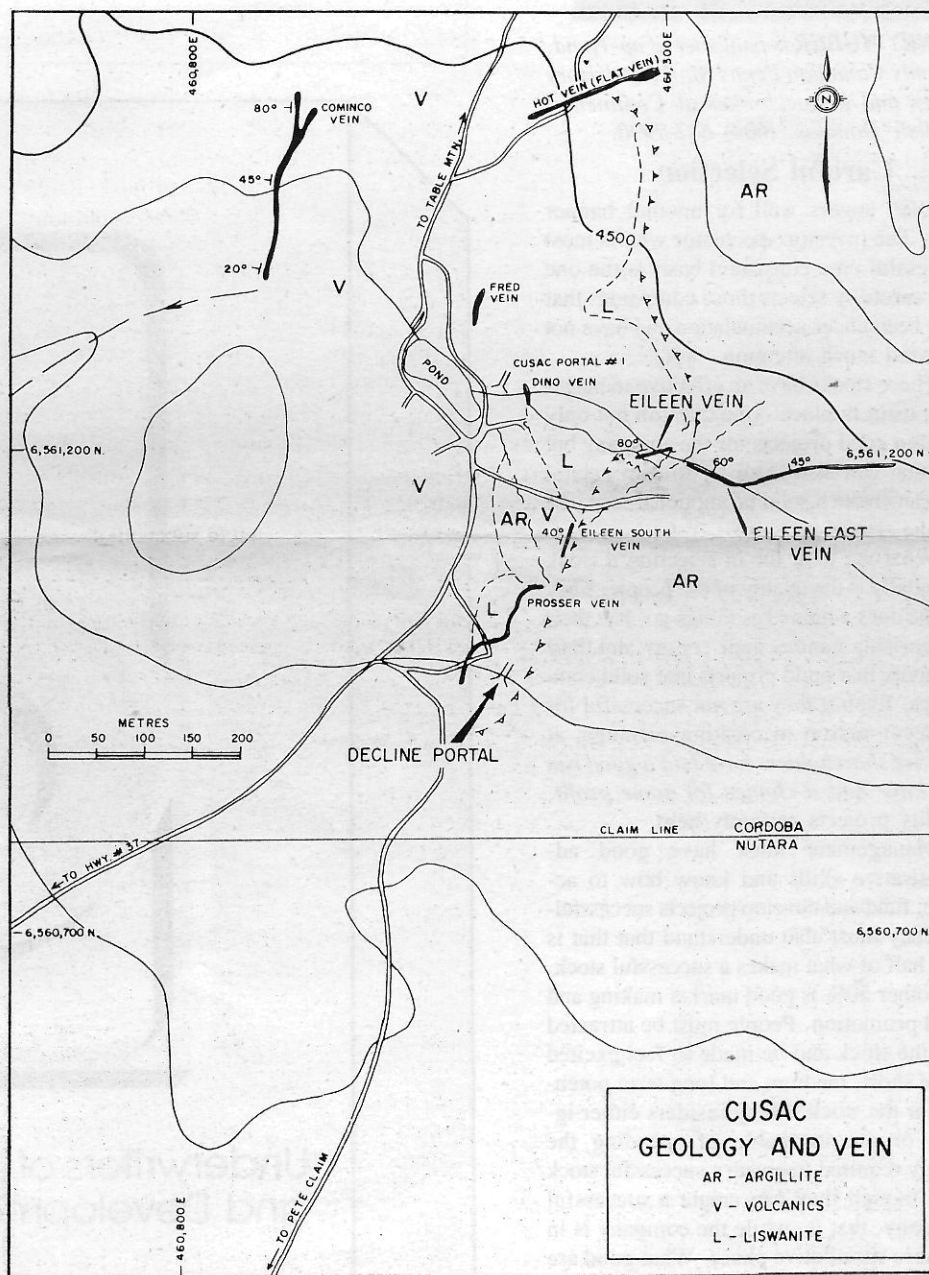
**CUSAC INDUSTRIES LTD.**  
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 Telephone (604) 682-2421 V6C 1G8

**VSE-CQC  
 NASDAQ-CUSIF**

# CUSAC SET FOR PRODUCTION

## *A Gold Mine At Cassiar, B.C.*

- Joint Venture with **Total Erickson Resources Ltd.**
- Over \$2,000,000 spent on Exploration in 1985.
- 88,458 Tons of Ore Available for Immediate Mining, Grading  
 .87 oz/ton Gold,  
 .36 oz/ton Silver.
- Extensive Diamond Drill Program Planned for 1986.
- New 300 Ton Per Day Mill Planned for 1986.



For Further Information  
 Please Contact  
**Guilford H. Brett**  
 President & Director  
 (604) 682-2421

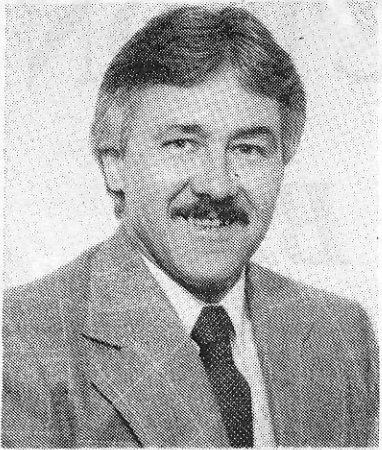
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# The Granville Street Report



## Henry Huber's Market Watch



**HENRY HUBER** is publisher of *up-Trend*, the only Canadian Penny Market Advisory Letter and a stockbroker at Continental Carlisle Douglas. (604) 687-7990.

### Careful Selection

1986 augers well for another banner year. The investor/speculator who is most successful on a consistent basis is the one who carefully selects those companies that have been under accumulation and have not attracted much attention - yet.

These stocks have an effective management team in place - one that can not only develop good projects for the company but one that can also raise significant capital and can create a solid promotional response for the stock.

What we look for in selecting a stock essentially is the quality of the people. They are the ones who makes things go. It is their enterprising nature, their energy and their creativity that build projects into solid companies. Even if they are not successful for whatever reason in creating earnings, at least we shareholders have had a good run and have had a chance for some profit. Quality projects certainly help.

Management must have good administrative skills and know how to acquire, fund and develop projects successfully. They must also understand that that is only half of what makes a successful stock. The other 50% is good market making and good promotion. People must be attracted into the stock and be made to feel excited at the short, medium and long term potential for the stock. Many insiders either ignore or are incapable of spending the energy required to create a successful stock even though they can create a successful company, that is, while the company is in its more speculative phase. What good are earnings to us if the stock does not go up?

In penny stocks we must always be conscious of the stock structure as well. We have to be aware of critical points - on the upside and the downside as well. Has a profitable run been completed? Is the stock in danger of creating more than a 40% loss, once at that point? We should know not only the public float but also the trading float; how many shares the insiders hold; and where large blocks are sitting. We need to know approximately what daily volume would create a \$.10 - \$.20 move and what large daily volume could signal the end of a run in order to take profits.

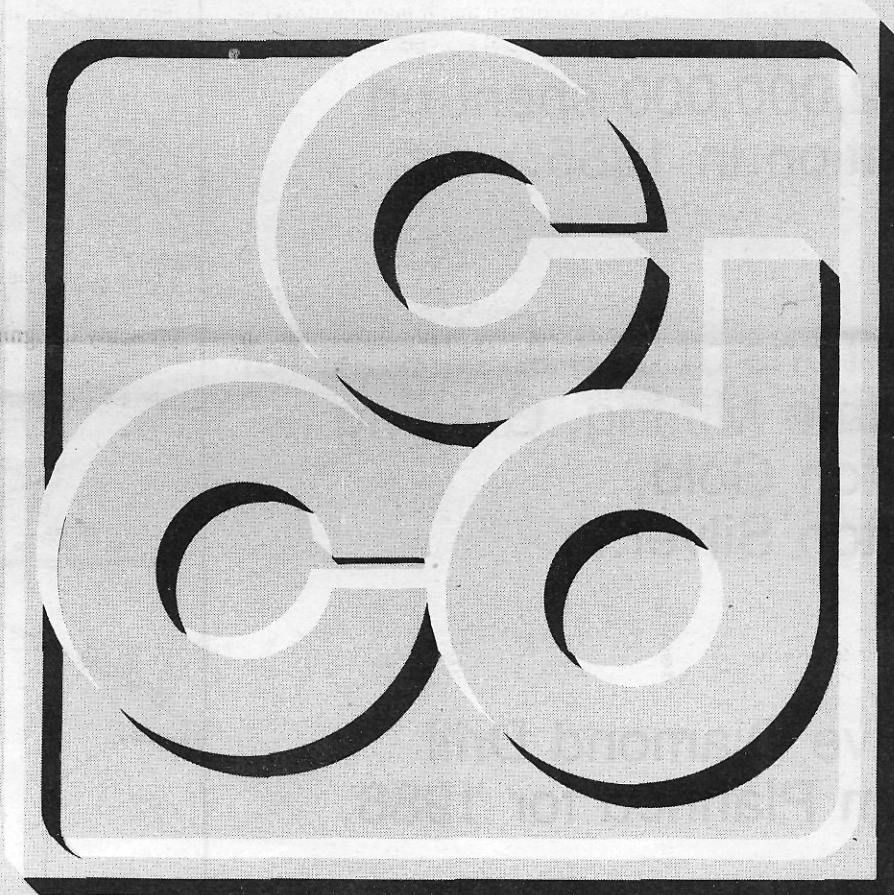
Finally, check the chart. What are the resistance/support levels? What targets do the patterns allow us to project? Note the daily on balance volume and the momentum index. Are they favourable so that the degree of risk is in our favour?

Look for those four elements and you should have a winner - a stock that should make you a profit in 3 months or in 6 months or in 12 months.

Below are 10 such stocks that we feel could provide an excellent capital gain: from 100% to 300% in the next four months.

STOCK	RECENT PRICE	TARGETS FIRST/SECOND	COMMENT
Bermuda-Schwartz (BTW)	\$.19	\$.75/1.50	Has a restaurant in Toronto & is acquiring other projects.
Boulder Mountain (BMR)	\$.73	\$1.40/2.00	Key property in Casa Berardi.
Eastern Mines (EAN)	\$.60	\$1.00/1.50	One of the Hughes/Lang group of companies.
Hargor Resources (HGO)	\$.53	\$.75/1.50	Acquiring Linear Motors Mich., has new transit system.
Jupiter Resources (JPT)	\$.33	\$.75/1.50	New projects planned, sleeper.
Nelson Holdings (NHI)	\$.90	\$2.00/3.50	Brand new company, makes U.S. movies, strong U.K. backing.
New Kenrell (NKR)	\$.45	\$1.25/2.50	Takeover, aluminum siding & building products - Edmonton.
Pacific Basin (PBD)	\$.52	\$1.25/2.50	Takeover, car parts & food processing in SE Asia.
RCJ Resources (RCJ)	\$.59	\$1.25/2.75	Takeover, new projects planned.
United Leader (UNL)	\$.55	\$1.10/1.75	Has Telsat, a satellite TV ground station system.

(List as of February 5, 1986)



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Feb. '86

# CUSAC and CASSIAR GOLD

## 1986 PROGRAM



*Guilford H. Brett  
President, Cusac Industries Ltd.*

The involvement of Cusac Industries with the Cassiar region of northern British Columbia goes back to 1978 when the company staked the Cassiar claims. But for Cusac's founders, Guilford and Fred Brett, that involvement goes back a lot longer. The two men started their mining careers in the Cassiar in 1955 and it was their knowledge and experience in the area that eventually led to the discovery of the Cusac orebody in 1979.

*In excess of \$2,000,000 was spent on exploration and development in 1985.*

The Cassiar claims, staked in 1978, consists of 7 claims and two full fractions. The property is under option to Erickson Gold Mines, which also acts as operator. Since the property was staked, Cusac and Erickson have spent in excess of \$5,000,000 in the development of this high grade property. Cusac retained a 40% carried interest, reducing to 30% after Cusac has recovered \$3,000,000 from production.

In excess of \$2,000,000 was spent on exploration and development in 1985, and in early October of that year, the company announced that an exciting high grade gold discovery had been made.

Three high grade gold bearing veins were discovered. The Eileen South Vein had been located by trenching and partially defined by drilling. The strike length of the Eileen South vein as established by trenching is about 105 metres (344 feet). This vein strikes roughly north-south and is parallel to and similar to the very high grade Dino Vein previously explored by Cusac. The Eileen South has an average grade on surface of 0.306 oz. gold/ton across a thickness of one meter. Diamond drilling confirmed the continuity of this vein with some minor fault offsets.

Two of the three new veins, the Eileen and the Eileen East, strike approximately

east-west and are along strike from one another. Their combined strike length is approximately 2509 metres (820 feet). Further drill results announced by the first week of November, continued to expand the zone. Two step-out holes drilled along strike to the east cut the zone adding an additional 280 feet of length (to 1100 feet).

The first step out hole graded 2.13 oz. of gold per ton over 10.2 feet. The second hole, 140 feet further along strike graded 2.29 oz. of gold per ton over 1.64 ft.

The Eileen Vein is exposed at surface by trenching and over a 1 metre average thickness graded 0.693 oz. gold/ton cut and 1.60 oz. gold/ton uncut.

The Eileen East Vein does not appear at surface. The present ore shoot has been explored by 13 diamond drill holes to date whose average grade is 0.681 oz. gold/ton cut and 1.749 oz. gold/ton uncut over an average thickness of 1.87 metres (6.1 feet).

Cusac's consultant engineer, John R. Poloni, P. Eng., has calculated drill indicated reserves on the newly discovered



*Portal/Decline Cassiar Gold*

Eileen Vein above the 150' level at 88,458.6 tons grading 0.87 oz. gold per ton and 0.36 oz. silver per ton, over mining widths varying between 4' and 15'.

"The above tonnage and grade represent only the immediate area to be mined. Neither Erickson nor Cusac have placed any 'Geologically Inferred' tonnage on the property to date," Poloni states.

A decline drift (9' by 12') was collared on October 17, 1985 and intersected the Eileen vein 1300' from the portal on January 7, 1986. The drift follows a path which penetrates and follows the Eileen South Vein to the main structure. Further work will be required to determine the full potential of the Eileen South Vein and a vertical raise is under consideration. The vein was very persistent in the drift, and continued for over 200' at which point the drift was advanced along the original heading to intercept the main target on a favorable angle.

The schedule for gold production from the high grade Cusac/Erickson ore body was temporarily delayed as Erickson's 300 tpd mill was destroyed in a fire on January 23rd, 1986. The property was scheduled for production in late February, but now must await the reconstruction of the mill.

Erickson's Vice-President, Kristian Ross, announced that rebuilding of the mill commenced immediately. The mill was fully insured and the development of the Cusac orebody will continue on schedule. No personal injuries resulted from the fire. Cusac anticipates that the new mill will be highly efficient and a further benefit to the project.

During 1986, extensive exploration will proceed on other areas of the property. To date only a portion of the property has been explored and a real possibility of new discoveries exists.

In addition, exploration of the Eileen and Eileen South Veins along strike and underground will continue in order to increase the ore reserves in these structures. Traditionally gold bearing zones at Erickson have extended to 1000 feet or more below the surface. There appears to be no geologic reason why the new veins at Cusac should not be similar. This encourages Cusac's management to feel that overall tonnage potential may be substantially higher.

Cusac Industries Ltd., is based in Vancouver, B.C. and trades on the VSE, trading symbol CQC and on NASDAQ, CUSIF.