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PENNY MINES



Cusac Gold Mines Ltd.

Cassiar Gold Miner Consolidates Properties in a New Joint Venture

While gold production has declined steadily over the past three years at Cusac Gold Mines Ltd.'s operations (TSE/CQC, \$0.12), the company hasn't given up on its Cassiar, British Columbia, gold camp.

In fact, in a move that will likely result in the start-up of new production, Cusac has optioned the adjacent Taurus property from International Taurus Resources Inc. (VSE/ITS).

Cusac's principal asset, the Table Mountain mine and mill, has produced 350,000 ounces of gold since 1985. It's located near McDame Creek and the town of Cassiar, in northern British Columbia (approximately 1,240 kilometres north-northwest of Van-

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couver). Production at Table Mountain has been declining for several years. It produced 21,905 ounces of gold in 1996. In 1997, with full production suspended in the fourth quarter, it produced 8,331 ounces. Limited production in 1998, mostly from surface mining of the Bear vein, totalled 914 ounces.

Underground mining at Table Mountain may be a thing of the past. But at least two other options exist for future developments at the property.

First, Cusac has identified a resource in the old tailings pond, which was active from 1985 to 1992. In 1997 and 1998, testing concluded that the pond con-

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tains 700,879 tonnes of material grading 1.25 grams per tonne (g/t) gold, resulting in a resource of 28,202 ounces of contained gold. Current projections anticipate production of 5,000 ounces per year for three years, at a cash cost of less than \$100 per ounce.

Second, Cusac also continues to surface mine the Bear vein, and to stockpile ore to be milled in April of 1999. At least five target areas for further exploration have been identified at Table Mountain. The structures targeted are underground, but are similar to other veins previously mined.

The nearby Taurus property likely represents the next development site for Cusac, though. Announced in September, the option from International Taurus allows Cusac to earn a 60% interest in the property, through payment of cash and shares and by performing a minimum of \$1.7 million in exploration work over the next four years. A further 10% interest may be earned through the completion of a bankable feasibility study.

While this option is in good standing, Cusac also has the right to mine up to 250,000 tonnes per year from the Taurus property. The resulting gold production would be subject to a 2.5% royalty payment to International Taurus.

Located 117 kilometres north of Dease Lake, BC, and adjacent to Cusac's Table Mountain mine, the Taurus property hosts significant identified resources. Work conducted by Cyprus Canada (the previous operator) in 1995 outlined

7.1 million tonnes of material grading 2.35 g/t, using a 1.5 g/t cutoff grade for a total of 534,636 ounces of contained gold at the 88-Hill deposit. The Highway zone is estimated to contain 106,197 ounces of gold in 1.76 million tonnes of material grading 1.88 g/t of gold.

International Taurus completed further work on the 88-Hill deposit and concluded that drill-indicated reserves of 13.6 million tonnes of material grading 1.01 g/t existed, for a contained gold content of 442,197 ounces. This estimate assumed that all of the material at 88-Hill would be mined; no cutoff grade was applied. Hence, the grade of material to be mined decreased and the amount of material to mine increased, relative to the Cypress Canada estimate.

More importantly for Cusac, several high-grade zones have been identified at the Taurus property. The Central vein hosts a drill-indicated reserve of 29,480 tonnes grading 21.5 g/t of gold (equivalent to 20,410 ounces of contained gold). If a decision were to be made to mine the 88-Hill deposit at the Taurus property, Cusac ge-

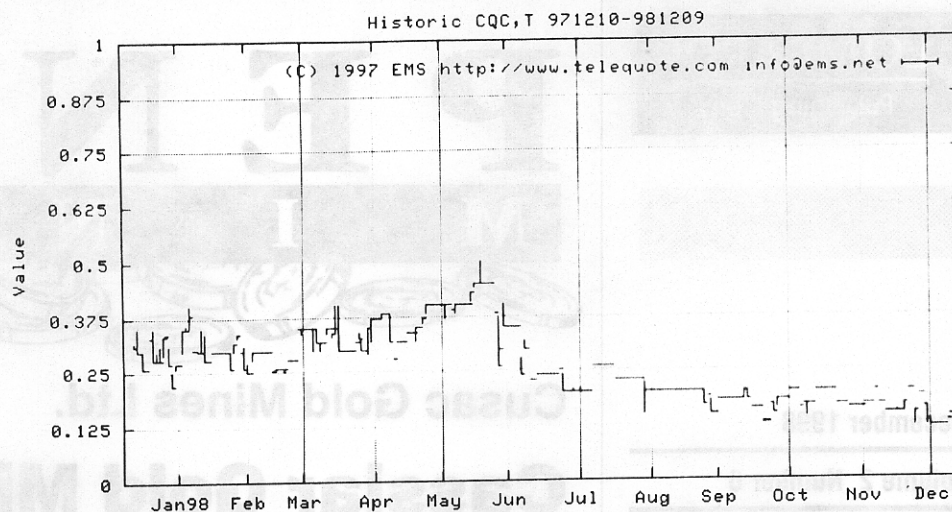


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