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CUSAC GOLD MINES LTD.

[CQC-T;NASD-CUSIF-OTC-BB] 25,619,131 SHS.

CLEARWATER DRILLING RECOMMENDED - Guilford H. Brett,
president, reports

Cusac Gold Mines Ltd. has received analyses of soil samples and overburden-trenching bedrock samples on the Clearwater platinum project located just west of the town of Little Fort, 100 km north of Kamloops, south-central BC. Refer to claim map overleaf P.1 in GCNL NO.191, 5Oct2000. The sample assays correspond to several of the numerous induced polarization (IP), magnetic and/or VLF-EM anomalies detected within its ground geophysical surveys performed on selected portions of an extensive ultra-mafic intrusive on the claim group. These results have prompted a professional recommendation for a large-scale, multi-phase drilling program.

Preliminary geologic mapping by Cusac and prior operators indicates the local ultra-mafic intrusion is compositionally layered and is composed of serpentinite, dunite, peridotite, pyroxenite and gabbro lithologies, being at least 1.5 km wide at surface, centrally, and at least six km in length, with strike extensions of at least several km to the northwest and southeast within the property, as indicated by a Government aero-magnetic survey (1968; Department of Energy and Mines; Chu Chua Area, Sheet 52249).

The Clearwater Platinum Project is composed of the Golden Loon mineral property (179 mineral claims units) 85% optioned from private company Tilava Mining Corp. and 23 additional adjacent, contiguous mineral claim units staked by Cusac. (SEE GCNL NO.108, 6Jun2000, P.3 FOR OPTION TERMS)

Based on the program results to date and present geological observations and interpretations, a substantial, multi-phase drilling program has been recommended by Dr. Bruce J. Perry, P.Geo., FGAC of PRO-GEO Exploration and Mining Services Inc., Kamloops, BC. The goal of the recommended multi-phase drilling program is to outline one or more large tonnage nickel, cobalt, chromium, platinum group element (PGE) mineral deposits within the Clearwater property, the presence and potential large-scales of which are suggested by the results of the company's recent geological, geochemical and geophysical surveys which totalled \$157,000.

Analyses of soil samples collected over Cusac's grid-line geophysical anomalies indicate the presence of combined nickel, cobalt, chromium and platinum geochemical anomalies that are often spatially related to significantly large IP chargeability anomalies.

and/or VLF-EM anomalies, returned analytical results up to 2,486 ppm nickel, 226 ppm cobalt, and 862 ppm chromium (Eco-Tech Laboratory, Kamloops, BC), with occasional anomalous platinum concentrations. Some 700 additional soil, humus and vegetation samples were also collected, but these have not been chemically analyzed, as yet.

To date, three trenches totalling 407 metres in length have been excavated on three IP chargeability anomalies associated with soil geochemical anomalies.

Results of initial sampling of outcrops and continuous chip sampling of bedrock exposed in trenches recently excavated within the Southeast (SE) portion of the Clearwater property indicate the presence of significantly large and potentially economic disseminated nickel, cobalt, chromium, platinum mineralization occurring throughout an area about 800 metres long by about 60 metres wide at the present NW margin, and expanding to about 250 metres in width towards the SE margin. This mineralized area, designated as the SE Mineralized Area, is open to expansion in all directions. The SE Mineralized Area is centred on grid line 000 at about 200N and extends northwesterly to grid line 500W, as evidenced in trench No.5 (0.12% nickel, 0.011% cobalt over 60m), and nearly to grid line 500E, as indicated by the analytical results of numerous rock outcrop samples. Continuous chip-sampling throughout Trench #4, situated in the centre of the SE Mineralized Area, revealed a mineralized zone averaging about 0.157% nickel and 0.0125% cobalt throughout the 160 metres trench length, the apparent true surface width of the mineralized zone exposed in this trench, so far, being about 120 metres wide across the magmatic stratigraphy, as it is presently interpreted. The ultimate width and length of the zone into which trench No.4 was excavated is open to expansion in all directions.

At the current approximate prices of nickel (US \$3.40/lb) and cobalt (US \$14.50/lb), the above-mentioned results for trench No.4 correspond to a copper equivalent of about 0.85% copper, given copper at US 85¢/lb. By comparison, the grade of copper ore mined at the large-scale open pit operation of Highland Valley Copper, also situated within the Kamloops Mining District, averages about 0.40% copper, with an additional small credit for molybdenum.

Grab samples of altered dunite collected within the SE Mineralized Area returned analytical results of up to 0.40 oz. platinum/tonne (US \$600/oz), with accessory rhodium (US \$1950/oz), iridium (US \$450/oz) and osmium (US \$405/oz), while grab samples of unaltered dunite containing potentially platiniferous chromite (platinum-bearing chromite), collected near this area, returned analytical results up to 0.5 grams platinum/tonne with accessory rhodium, iridium and osmium, bringing up the combined PGE content to about 0.7 grams/tonne.

The potential large size of the nickel plus cobalt mineralized SE Area, the recent indications of the presence of high-grade PGE mineralization within this area and the discoveries of disseminated, potentially platiniferous chromite mineralization in the near vicinity of this Area make the SE Mineralized Area a prime candidate for a large-scale drilling program designed to test the SE Mineralized Area's potential for a mineral deposit in the 50,000,000 tonne to 100,000,000 tonne range. The first phase of the recommended definition drilling program for mineralization in the SE Mineralized Area constitutes some 10,000 metres of NQ-2 diamond drilling, with potential follow-up phases totalling 50,000 metres of additional NQ-2 diamond (core) drilling. In addition to drilling, preliminary process metallurgical studies have been recommended, including metallic mineral speciation studies (reflected light and microprobe) and process amenability studies

in regard to conventional flotation concentration methods and

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conventional heap-leaching electro-winning methods.

Dr. Perry advises there is ample encouragement from the various exploration data collected to date to suggest excellent potential for expansion of the SE Mineralized Area, and that there appears to be potential for the occurrence of similarly large areas of combined nickel, cobalt, chromium, PGE mineralization elsewhere on the Clearwater Platinum Project.

Specifically, the other areas of the ultra-mafic intrusion with potential for large-scale, disseminated nickel, cobalt, chromium, PGE mineralization are initially indicated by numerous rock outcrop sampling results and/or IP geophysical anomalies and/or soil geochemical anomalies recently detected in the central part of the intrusion. Two extensive areas have been identified, one centred at about 2300W / 400NE and the other centred at about 4000W / 450NE. Dr. Perry has recommended in-fill geophysical and geochemical surveys and limited initial trenching and exploratory drilling within these two Areas. In addition, Dr. Perry notes the NW portion of the ultra-mafic intrusion between 5000W to 7500W (2.5 km of strike length) has not received recent exploration attention, and he recommends the reconnaissance scale control grid be extended to cover this portion of the ultra-mafic intrusive in preparation for reconnaissance geological, geophysical and geochemical surveys.

Permitting has been granted for additional grid-line cutting (17 km) and additional induced polarization, magnetic susceptibility and VLF-EM geophysical surveys (17 km) and geochemical soil sampling surveys. A substantial amount of the recently permitted line-cutting has already been completed. (SEE GCNL NO.216, 10Nov2000, P.2 FOR PREVIOUS CLEARWATER PROJECT INFORMATION)

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