

1710 - 609 GRANVILLE ST
 PO BOX 10363
 VANCOUVER BC
 CANADA V7Y 1G5
 (604) 683-7265 FAX 683-5306

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CUSAC GOLD MINES LTD.

[CQC-T; CUSIF-NASDAQ] 17,761,531 SHS.

HIGH GRADE GOLD INTERSECTED - Guilford Brett, president,

Cusac Gold Mines Ltd,

reports results from the ongoing exploration at its 100% owned and operated Table Mountain Gold Mine located near Cassiar, north-central BC. Current underground and surface diamond drilling at Table Mountain is focusing on three prime target areas. On surface, a series of holes are planned to test an as yet unexplored area known as the Main Mine Extension Zone. The "Main Mine" area hosted a series of prolific veins mined by Cusac's predecessors and were believed to have been displaced to the east by the Erickson Creek Fault. Cusac geologists have reinterpreted previous data and believe that the eastern extension of these veins are not displaced as much as previously thought. The first hole in this area intersected a mineralized quartz vein as follows:

HOLE NO.	INTERVAL METRES	INTERVAL FEET	LENGTH METRES	LENGTH FEET	GOLD OZ/T
97MX-8	88.3-88.9	289.6-291.6	0.6	2.0	8.381

Underground drilling of the Lilly and Melissa veins is underway. The high grade Lilly vein provided most of Cusac's 1996 production. Current drilling is designed to define its extension to the east. Results indicate a possible new ore-shoot developing, based on the following drill intercept:

HOLE NO.	INTERVAL METRES	INTERVAL FEET	LENGTH METRES	LENGTH FEET	GOLD OZ/T
97LE-7	70.91-72.47	232.6-237.7	1.56	5.0	0.636

Drilling in the Melissa area is testing extensions of this structure in close proximity to current mining. The width and grade of the vein appears to be improving significantly to the west as indicated by the following results:

HOLE NO.	INTERVAL METRES	INTERVAL FEET	LENGTH METRES	LENGTH FEET	GOLD OZ/T
97MEL-3	18.3-20.05	60.0-65.75	1.75	5.75	2.645

Drilling continues. More results will be reported when available.

Cusac also reports financial results for the three and six month periods ended 30Jun97.

THREE MONTHS ENDED JUNE 30, 1997		1996
REVENUE	\$964,000	\$4,464,000
PRODUCTION COSTS	2,278,000	2,534,000
ADMINISTRATION COSTS	299,000	251,000
NET INCOME (LOSS)	(1,613,000)	1,679,000
EARNINGS (LOSS) PER SHARE	(9¢)	10¢

SIX MONTHS ENDED JUNE 30, 1997		1996
REVENUE	\$1,532,000	\$5,431,000
PRODUCTION COSTS	4,029,000	4,681,000
ADMINISTRATION COSTS	496,000	444,000
NET INCOME (LOSS)	(2,993,000)	306,000
EARNINGS (LOSS) PER SHARE	(17¢)	2¢

The loss in the second quarter is attributable to lower gold prices and significantly lower than expected gold production resulting from low ore grades from the Table Mountain gold mine. Second quarter production was 2,177 ounces from milling of 8,779 tons of ore averaging 0.25 oz. gold/ton. Mill recovery rates were down to about 87% caused by higher than expected graphite content. All production during the period came from the Vollaug Vein. Underground mining operations on the Vollaug vein were suspended on 15Jul97.

Mining in the third quarter has focused on the lower cost Vollaug open pit area, where better grades are being realized. To 30Jun97, third quarter production was 2,160 ounces from milling of

recovery of 83.5%. The mill was shut down August 16 for repair will resume the first week of September with ore being supplied the Vollaug open pit and underground mining of the Melissa Vein. Cusac expects cash flows and working capital will improve significantly during the third quarter as a result of cost cut measures and increased production. Payroll costs have been reduced during the third quarter and are presently down by 42% as of 30Jun97. Accounts payable have similarly been reduced by 42% (SEE GCNL NO.168, 2Sept97, P.4 FOR FINANCING DATA)

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