

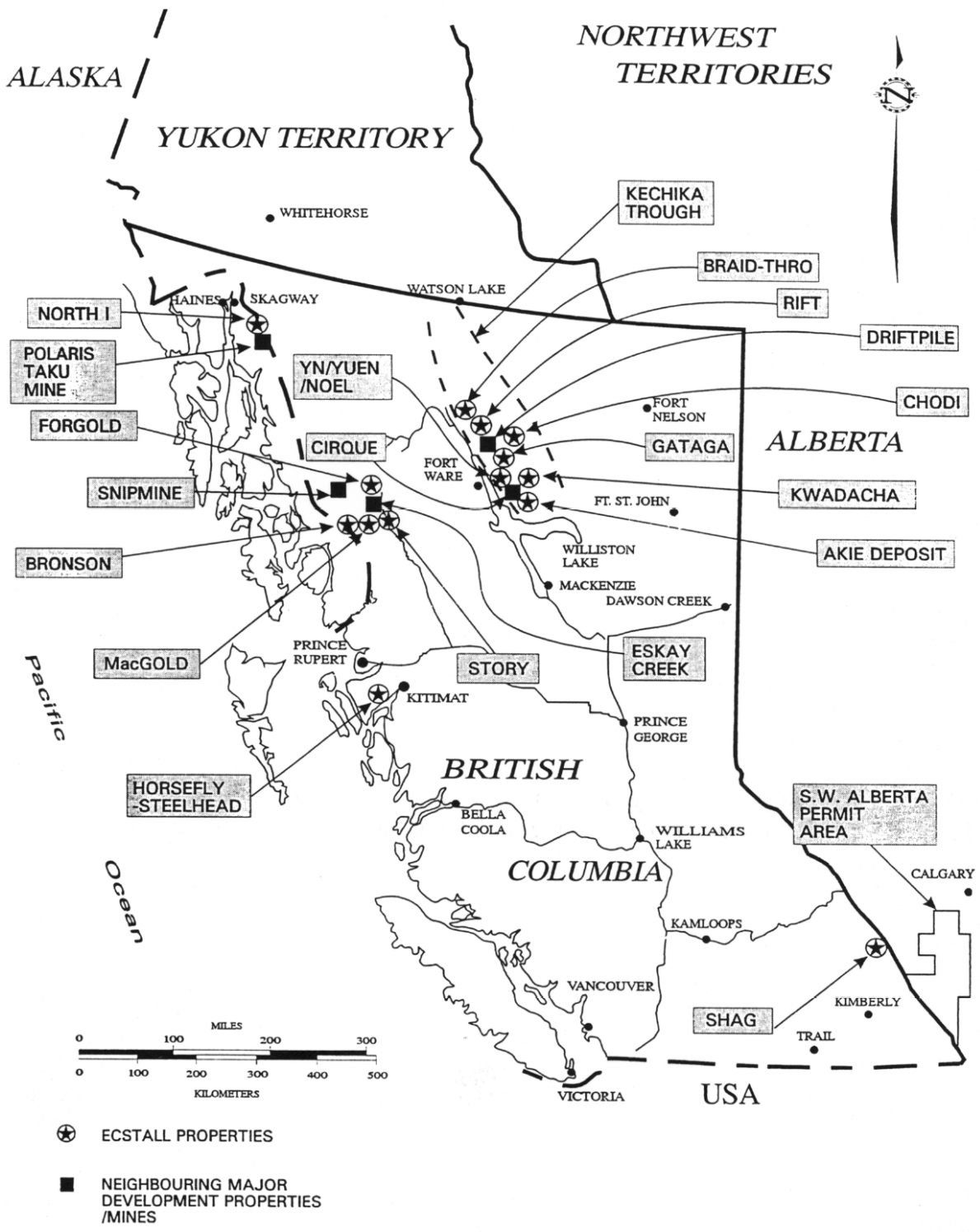
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AKIE

ECSTALL MINING CORPORATION



1996 ♦ ANNUAL ♦ REPORT

MINERAL PROPERTY LOCATION MAP



REPORT TO SHAREHOLDERS

The directors are pleased to present Ecstall Mining Corporation's 8th annual report and audited financial statements for the year ended December 31, 1996. Ecstall's most significant assets remain the Southern Kechika Trough properties in northeastern British Columbia, which include the Akie and Pie claims ("Gataga Joint Venture"). Ecstall currently holds 40% joint venture interest in the Gataga Joint Venture with Inmet Mining Corporation holding the remaining 60%. However, effective January 1, 1997, Ecstall became Operator of the Gataga Joint Venture with the option, until December 31, 1997, to conduct exploration expenditures of approximately \$1.23 million on the Gataga Property, which will dilute Inmet's participating interest to 49.9% and increase Ecstall's from its current 40% to 50.1%. All exploration work conducted during this time period will be designed, funded and managed by Ecstall at its sole discretion.

Provided Ecstall maintains a majority interest in the Gataga Joint Venture, it will remain the Operator of future programs for which Inmet will retain the right to fund its share of expenditures and maintain its interest or take dilution. In the event that Ecstall does not make sufficient exploration expenditures by December 31, 1997, to dilute Inmet's interest below 50% Inmet will again become Operator but Ecstall's actual expenditures will be credited to increase its participating interest in the property from the present 40%.

The Gataga Joint Venture's principal focus of current activity is the Akie deposit, a sediment hosted massive sulphide (SEDEX) deposit with a geologically inferred resource of over 50 million tonnes grading 5% combined zinc and lead. Within this large resource, which remains open to expansion, a higher grade resource of 12 million tonnes grading over 8.5% Zn, 1.5% Pb, and 0.5 opt Ag is inferred. The large Akie massive sulfide deposit is of the same potential size and geological deposit type as the world class base metal mines which founded major mining companies, such as Cominco Ltd. (Sullivan), M.I.M. Ltd. (Mt. Isa), Brunswick Mining & Smelting Ltd. (Brunswick 6 & 12), BHP Ltd. (Broken Hill) and Metallgesellschaft (Meggen).

High grade massive sulfides (20% zinc+lead/ 0.8 m) were intersected by drilling in 1996, in the Bear valley 2 km north of the Akie deposit, and may represent an entirely new deposit. Drilling of the Akie deposit was restricted to two deep stepout holes aimed at increasing the higher grade portion of the deposit from 12 million tonnes to something of the order of 50 million tonnes but faulting at the target horizon led to inconclusive results, indicating less ambitious step out holes are advisable in 1997.

Ecstall also has 100% ownership of numerous other claims in the area covering 50 square kilometers of the favourable Gunsteel shale formation, which offer high potential for other discoveries of Akie type ore deposits.

On behalf of the Board of Directors, we would like to thank you for your support. We are optimistic that this support will be rewarded in the form of a major interest in a world class mineral deposit in the near future.



Chris W. Graf, P.Eng.,
President

March 7, 1997

MINERAL PROPERTIES

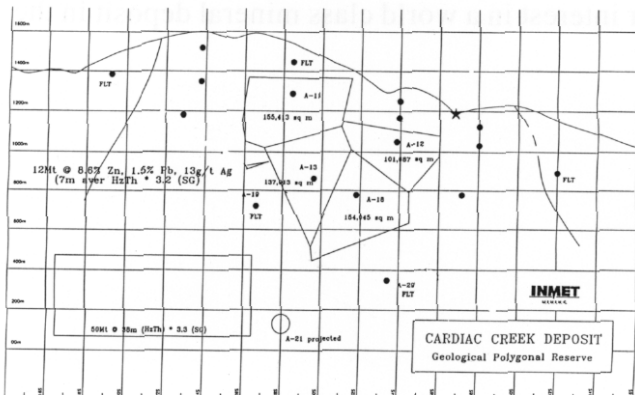
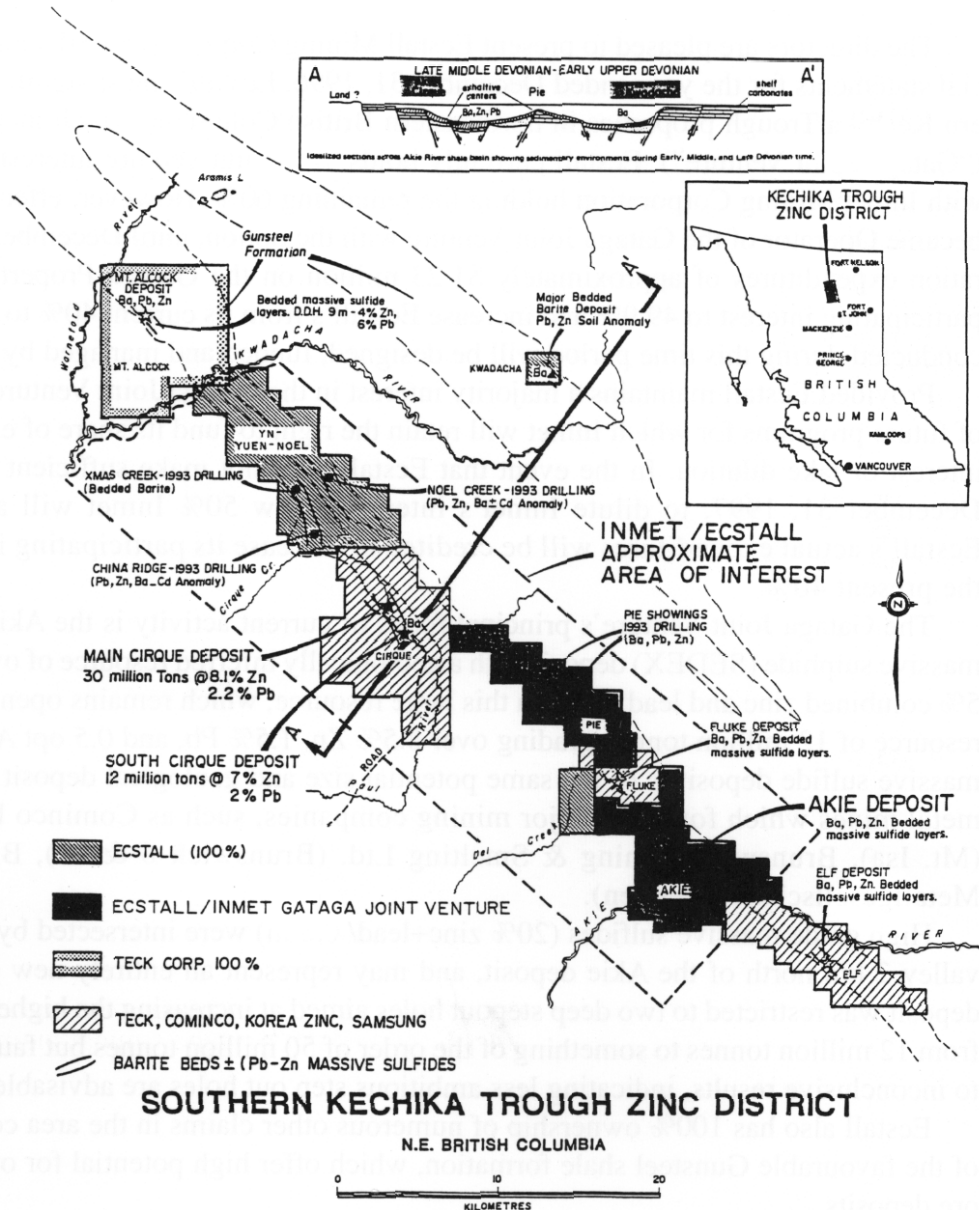
SOUTHERN KECHIKA TROUGH-AKIE PROJECT

Since 1994 Ecstall and Inmet, together, have spent over **\$5 million**, including 13,000 m of diamond drilling, on this project.

The Akie deposit is about 280 km (168 Miles) northwest of the town of Mackenzie, B.C. and 50 km (30 miles) north of the northern tip of Williston lake, an artificial lake created after the construction by B.C. Hydro of the W.A.C. Bennett dam in the mid 1960's.

The Akie deposit, defined by 12 diamond drill intersections on five sections, has an average true thickness of **20m**, a **strike length of 1,400 m**, and a **dip length of 800m**. The bedded deposit has very consistent **70° dipping planar sheet like form** and remains open to depth along strike.

Using these three dimensions and a specific gravity of 3.5 tonnes/m³,



the Akie deposit contains a geologically inferred resource greater than **50 million tonnes grading approximately 5% combined zinc and lead**.

Within this large resource, 4 drill holes have identified a deeper higher grade core of mineralization which is inferred to contain **12 million tonnes grading over 8.5% Zn, and 1.5% Pb, and 0.5 opt Ag** having and insitu gross metal value of **~\$1 billion**. This high grade zone also remains open to expansion.

MINERAL PROPERTIES

The 1996 drill program was successful in discovering a new zone of high grade massive sulfides (**20% zinc + lead over 0.8 m**) that occurs in Bear valley approximately 2 km north of the Akie deposit.

The proposed 1997 program would consist of approximately 5,000 m of NQ diamond drilling and surface mapping with the objective of increasing the higher grade geological resource from the present **12 million tonnes @ 8.5% zinc and 1.5% lead** to > 25 million tonnes of equal or better grade and vesting Ecstall with 50.1% majority ownership.

As part of the development of Royal Oak's Kemess deposit, the B.C. government has committed to the development and installation of a power grid, which by late 1997 will provide hydroelectric power to the open pit Kemess mine, and possibly the native communities of Fort Ware and Tsay Keh in the Finlay river valley only 50 km west of the Akie and Cirque deposits.

AKIE PROJECT PROPOSED 1997 PROGRAM

Phase 1, Akie Deposit Deep Drilling

Ecstall proposes to drill 3 deep drill holes (3,000) meters which is designed to expand the size of the high grade core of the deposit to at least 25 million tons. This drill program is also planned to give sufficient confidence in the size of the Akie deposit so that a major tunnelling and underground diamond drilling program can be conducted in 1998-99.

Phase 2, Bear Valley Discovery

Ecstall proposes drilling at least 2 holes (1500m) to further explore the new zone of massive sulfides grading 20% Zn-Pb over .8m that was discovered in 1996 in bear valley, 2 km north of the Akie deposit.

Phase 3, Cardiac Creek Horizon Extension Drilling

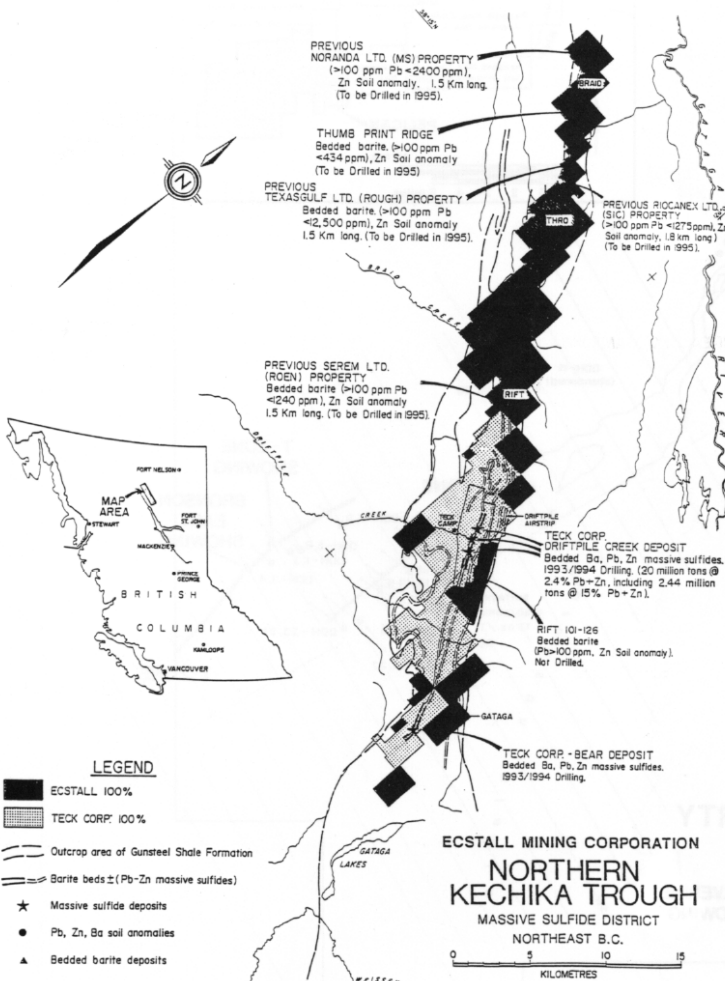
Ecstall proposes drilling at least 2 shallow drill holes (500m) on high value zinc-lead soil/rock geochemical anomalies that occurs elsewhere on the property within the Gunsteel shale.

NORTHERN KECHIKA TROUGH

Braid/Thro-Rift-Gataga Properties

In the northern portion of the **150 km long** Kechika Trough rift basin, Ecstall owns 100% interests in three other claim groups (**419 units, 25,886 acres**).

Ecstall's **25 km long BRAID/THRO** claim group (248 units, 15,321 acres) covers three large but undrilled zinc-lead soil geochemical anomalies underlain by the favourable Gunsteel black shale. From north to south the three zinc-lead anomalies are; **MS**, (1.5 km long with peak values up to 2,400 ppm lead), **Rough** (1.5 km long with peak values up to 12,500 ppm lead) and **SIC**, (1.8 km long with peak values up to 1,200 ppm lead).

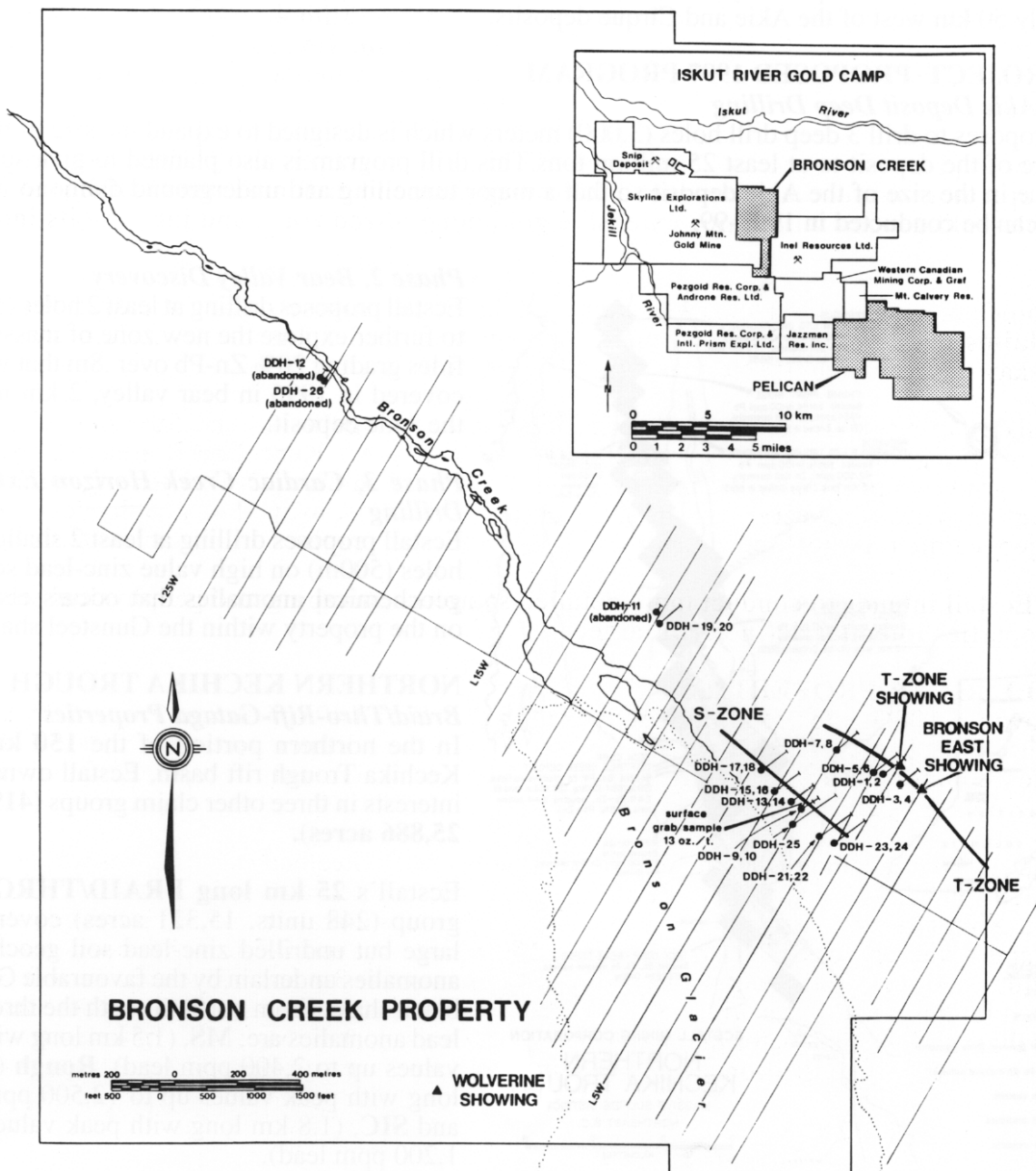


MINERAL PROPERTIES

Ecstall's 6 km long (22 units, 1,359 acres) **Rift** claim group covers a large, previously discovered, undrilled, zinc-lead soil geochemical anomaly (**Roen**) coincident with the favourable Gunsteel Formation black shales and bedded barite. This 236 soil sample, > 100 ppm lead in soil anomaly is 1.5 km long and 600 m wide with peak values up to 1,240 ppm lead. The anomaly is open along strike in both directions and has been delineated to the south for over 1 km on Teck Corp.'s adjoining Saint 3 claim.

In 1997 Ecstall proposes to diamond drill approximately 2,500 m in 8 holes to test these large soil anomalies for underlying massive sulfide deposits similar to the Akie deposit.

OTHER ECSTALL PROJECTS: BRONSON CREEK AND ESKAY CREEK AREA



MINERAL PROPERTIES

Bronson Creek Property

Ecstall owns a 27% interest (Cathedral Gold Corp. - 73%) in the Bronson Creek property (202 units 12,480 acres) adjoining Skyline Resources Johnny Mountain Gold Mine and adjacent to Homestake's Snip Gold Mine.

In 1989 a **C\$750,000** diamond drilling program, consisting of 26 wide spaced diamond drill holes, was funded and carried out by Cathedral Gold Corp. on Ecstall's Bronson property under an earn-in option agreement. Cathedral's drilling discovered a significant zone of polymetallic massive sulfide-gold mineralization, over 300m long and open along strike and to depth, that is similar to the adjacent Snip Gold Mine.

Within this 300 m long mineralized zone, several of Cathedral's drillholes intersected significant gold mineralization as follows: **5m assaying .465 oz gold per ton, 4m assaying .31 oz gold per ton, 4m assaying .12 oz gold per ton, 2.5m assaying .125 oz gold per ton and 1.4m assaying .97 oz gold per ton.**

No further exploration work has been done since 1989, however, in 1997 Ecstall proposes to become operator and fund and conduct a follow-up diamond drill program (2,000m) to develop a mineable gold deposit within this extensive gold mineralized zone, and increase its interest to 50%.

Ecstall holds a large number of other claim blocks in the Stikine Arch, including **the Story 3 and 4 claims** (16 units, 988 acres), which are on strike and 5 km south of Homestake's high grade Eskay Creek volcanogenic massive sulfide gold deposit.

Ecstall also has the 100% owned (81 unit, 5004 acre) **Macgold 1-8** and 50% owned (84 unit, 5,190 acre) **Forgold 1-5** claims in the **Eskay Creek-Forrest Kerr Creek** area which contain numerous gold rich polymetallic showings hosted by Eskay mine equivalent stratigraphy (Mount Dillworth Formation). Several polymetallic mineral showings, as well as geophysical and gold-copper geochemical targets, occur on these properties and require further drill testing.

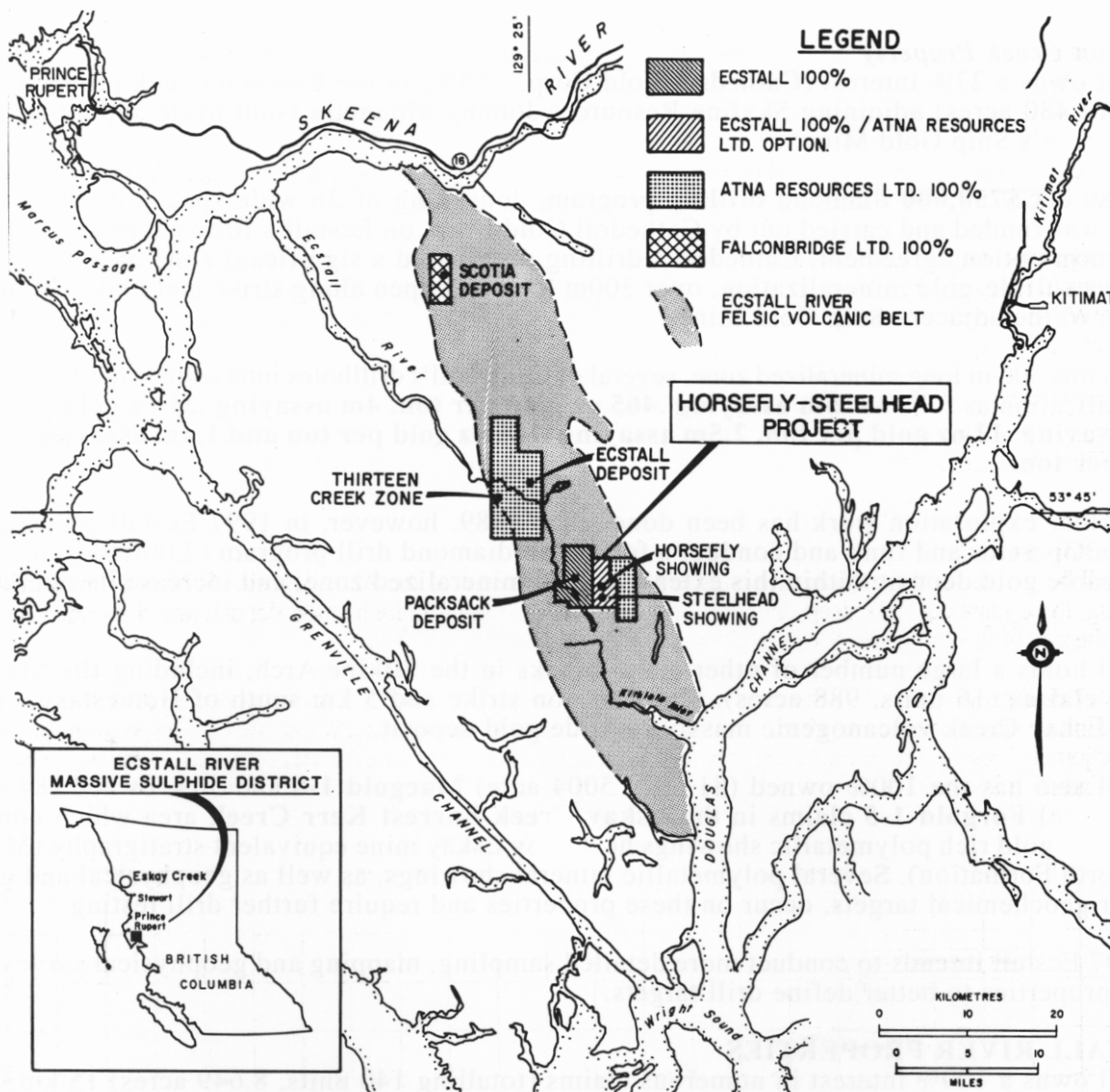
In 1997 Ecstall intends to conduct more detailed sampling, mapping and geophysical surveys on these properties to better define drill targets.

ECSTALL RIVER PROPERTIES

Ecstall owns a 100% interest in numerous claims (totalling 140 units, 8,649 acres) 15 km from tidewater in the Ecstall River area, 70 km south of Prince Rupert, in west central B.C. These properties contain three polymetallic, volcanogenic massive sulfide occurrences called the Packsack, Horsefly and Steelhead.

An 8 hole (1,100 m) diamond drilling program on the Horsefly-Steelhead occurrences was carried out by another company in 1995. This shallow drilling intersected a strongly altered volcanic unit hosting a zone of clotty textured pyrrhotite-chalcopyrite mineralization with average thickness of 22m and a known strike length exceeding 100m that assayed 0.3 to 0.5% copper across the entire width. Higher grade zones assaying 1.5% copper over 3m and 1.7% copper over 3m were intersected in these drill holes within the thicker copper mineralized zone. This copper mineralized zone parallels an E-M conductor that has a strike length over 1 km long and is believed to represent footwall stringer mineralization related to a possible massive sulfide deposit.

MINERAL PROPERTIES



ECSTALL RIVER MASSIVE SULPHIDE DISTRICT

ALBERTA EXPLORATION PERMITS

Ecstall's permit area in southwest Alberta, which consists of several areas totalling **10,000 hectares (24,712 acres)**, contains abundant mineral exploration potential.

As well as covering the Oldman River Mississippi Valley type zinc-lead deposit which has been previously explored by underground adits, Ecstall's present permit areas contain exploration targets for **gold and diamond deposits** for which Ecstall carried out heavy mineral sampling programs in 1993, 1994 and 1995. From this sampling work, anomalous amounts of visible native gold and mercury were discovered in a number of drainages.

MINERAL PROPERTIES

In addition anomalous quantities of pink, red, orange and lavender coloured garnets were found in two separate local drainages. Ecstall plans to carry out further exploration work to trace these minerals to their possibly diamond-bearing kimberlite sources.

In 1997 Ashton Mining has discovered numerous kimberlites in northern Alberta and a staking rush is now on in the province. Ecstall has recently added to its mineral permit area.

The geological setting of Ecstall's property is very similar to that of northern Alberta, and also contains prospective Cretaceous-Tertiary cover rocks underlain by a basement high or arch of the Archean Hearne terrain, which is analogous to the NWT diamond rich Slave province. Ecstall's proposed 1997 program would consist of flying an EM-Mag survey, as well as further stream/sediment sampling to locate drill targets for kimberlite pipes.

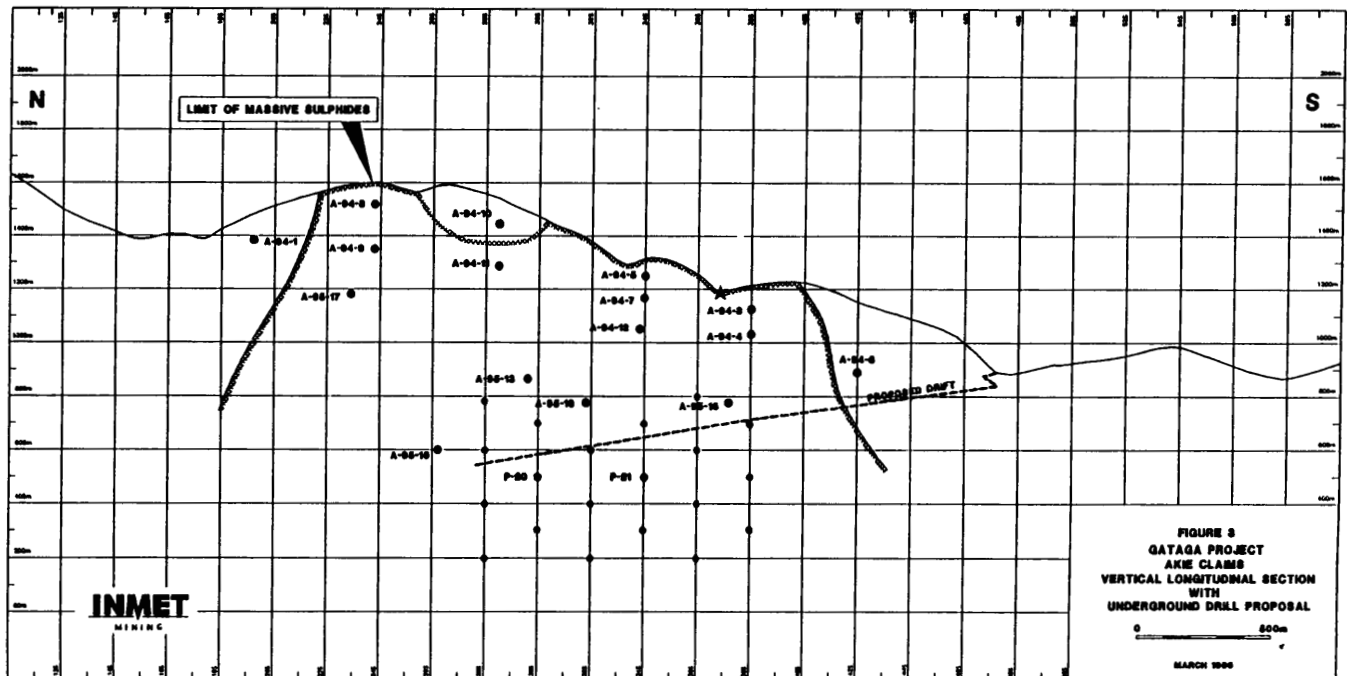
SHARE CAPITAL

By carefully controlling the issue of new shares, since 1989 Ecstall has limited the shares issued and outstanding to only 6,415,078 with potential dilution of 640,000 shares at \$0.45. Directors and officers own approximately 33% of the issued shares.

OUTLOOK FOR 1997

1997 will be pivotal in the growth of Ecstall and the development of the Akie deposit. Subject to availability of financing, three planned 1997 deep diamond drill holes will explore the main Akie deposit and if successful could double the size of its high grade portion to 25 million tonnes.

This 1997 drill program could provide the necessary geological information for considering the collaring of an exploration decline tunnel during 1998. A \$10 million underground tunneling and diamond drilling program, as shown on the adjoining long section, would consist of a minimum 3.5 km long decline driven north along strike in the footwall of the mineralization and 8,000 m of underground drilling in 1998-99.



AUDITOR'S REPORT

G. ROSS McDONALD

Chartered Accountant

TO THE SHAREHOLDERS OF ECSTALL MINING CORPORATION

I have audited the balance sheets of Ecstall Mining Corporation as at December 31, 1996 and 1995 and the statements of loss and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1996 and 1995 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the B.C. Company Act, I report that, in my opinion, these principles have been applied on a consistent basis.



G. Ross McDonald
Chartered Accountant

Vancouver, British Columbia
March 7, 1997

BALANCE SHEETS

As at December 31

	<u>1996</u>	<u>1995</u>
ASSETS		
CURRENT ASSETS		
Cash and term deposits	\$ 131,526	\$ 195,703
Funds in trust (Note 6)	125,325	-
Marketable securities (Note 2)	900	2,200
Accounts receivable	2,582	6,553
Prepaid expenses	<u>2,581</u>	<u>3,645</u>
	262,914	208,101
MINERAL PROPERTIES (Note 3)	2,588,615	865,478
CAPITAL ASSETS (Note 4)	<u>8,504</u>	<u>10,530</u>
	<u>\$ 2,860,033</u>	<u>\$ 1,084,109</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>4,720</u>	\$ <u>20,032</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 5)	3,405,667	1,626,837
SHARE SUBSCRIPTIONS (Note 6)	125,325	-
CONTRIBUTED SURPLUS	46,043	31,738
DEFICIT	<u>(721,722)</u>	<u>(594,498)</u>
	<u>2,855,313</u>	<u>1,064,077</u>
	<u>\$ 2,860,033</u>	<u>\$ 1,084,109</u>

APPROVED BY THE DIRECTORS



Director - Chris W. Graf



Director - Geoffrey Harden

STATEMENTS OF LOSS AND DEFICIT

For The Years Ended December 31

	<u>1996</u>	<u>1995</u>
REVENUE		
Option income	\$ -	\$ 104,500
Interest income	27,271	12,570
Gain on sale of marketable securities	<u>6,413</u>	<u>64,315</u>
	<u>33,684</u>	<u>181,385</u>
EXPENSES		
Accounting and audit	7,668	12,433
Consultants	-	5,164
Depreciation	2,752	2,372
Investor and shareholder relations	4,245	9,728
Legal	12,104	19,029
Management fees	7,500	8,728
Office and miscellaneous	19,978	17,724
Printing and shareholder information	21,092	2,196
Regulatory fees	10,082	3,398
Rent	20,356	18,774
Secretarial	12,000	12,809
Telephone	6,504	6,609
Transfer agent	2,822	2,089
Travel and accommodation	<u>11,049</u>	<u>8,660</u>
	<u>138,152</u>	<u>129,713</u>
NET INCOME (LOSS) BEFORE THE FOLLOWING	(104,468)	51,672
Mineral property written off	<u>(22,756)</u>	<u>-</u>
NET INCOME (LOSS) FOR YEAR	(127,224)	51,672
DEFICIT, BEGINNING OF YEAR	<u>(594,498)</u>	<u>(646,170)</u>
DEFICIT, END OF YEAR	<u>\$ (721,722)</u>	<u>\$ (594,498)</u>
EARNINGS (LOSS) PER SHARE	<u>\$ (0.02)</u>	<u>\$ 0.01</u>

STATEMENTS OF CHANGES IN FINANCIAL POSITION

For The Years Ended December 31

	1996	1995
OPERATING ACTIVITIES		
Net income (loss) for the year	\$ (127,224)	\$ 51,672
Items not involving cash		
Depreciation	2,752	2,372
Mineral property written off	22,756	-
	(101,716)	54,044
Net change in non-cash working capital items		
Marketable securities	1,300	(1,300)
Accounts receivable	3,970	(4,575)
Prepaid expenses	1,064	(37)
Accounts payable and accrued liabilities	(15,312)	13,596
Cash from (applied to) operating activities	(110,694)	61,728
INVESTING ACTIVITIES		
Funds in trust	(125,325)	-
Mineral properties	(1,745,893)	(115,840)
Capital assets	(726)	(6,140)
Cash applied to investing activities	(1,871,944)	(121,980)
FINANCING ACTIVITIES		
Shares issued for cash	1,770,618	101,500
Shares resold for cash	22,518	48,020
Share subscriptions	125,325	(101,500)
Cash from financing activities	1,918,461	48,020
DECREASE IN CASH	(64,177)	(12,232)
CASH, BEGINNING OF YEAR	195,703	207,935
CASH, END OF YEAR	\$ 131,526	\$ 195,703

NOTES TO THE FINANCIAL STATEMENTS

For The Years Ended December 31, 1996 And 1995

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Mineral Property Interests and Related Deferred Expenditures

Mineral properties and related exploration and development expenditures are deferred until either commercial production is established or the property is abandoned; at that time the costs will be either amortized on a unit-of-production basis or fully charged to earnings.

The amount shown for mineral interests represents deferred costs to date and does not necessarily reflect present or future values. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral interests and deferred costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

Periodically, a determination will be made by management as to the status of each property. Where a property shows no promise from prior exploration results and is dormant, the claims may be allowed to lapse. At management's discretion, the claims would be written off or written down to nominal value where an interest in the claims remained. Management will also periodically determine, where an exploration property is inactive and the value of such property is impaired, whether the carrying value of such property should be written down to an amount as determined by management.

(b) Joint Ventures

Investments in joint ventures are accounted for using the proportionate consolidation method.

(c) Capital Assets and Depreciation

Capital assets are stated at cost less depreciation. Depreciation is provided on furniture and equipment on a declining balance basis and on leasehold improvements on a straight-line basis.

(d) Option Payments

Option payments are made in accordance with the terms of option agreements between the Company and the optionee; future payments are made at the discretion of the optionee; payments are made in the form of cash and shares of the optionee company and are recorded as option income on a cash basis; when received, shares of the optionee company are recorded at their fair market value.

(e) Earnings (Loss) Per Share

Earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the year.

2. MARKETABLE SECURITIES

Marketable securities are carried at the lower of cost or quoted market value. When total market value is below cost, any unrealized loss is charged to income. The Company holds 10,000 shares of Cross Lake Minerals Ltd. which had a market value of \$4,000 as at December 31, 1996.

3. MINERAL PROPERTIES

(a) Ecstall Property, Skeena Mining Division, B.C. Shag Property, Golden Mining Division, B. C. Chodi Property, Liard Mining Division, B. C.

The Company owns a 100% interest in 3 separate mineral properties comprised of 26 claims in aggregate.

Pursuant to an agreement dated April 27, 1995, the Company granted an option to sell a 51% interest in certain claims in the Ecstall Property in consideration of \$60,000 and

200,000 common shares of the optionee, payment of \$50,000 and 100,000 common shares on commercial production and expending a total of \$2,000,000 in exploration on the property over a four year period. The option was terminated during the year.

(b) Iskut-Unuk Property, Liard and Skeena Mining Divisions, B.C.

The Company has a 100% interest in 14 mineral claims in the Iskut-Unuk region. The Company also retains a 2% non-participating net smelter returns production royalty in certain claims transferred to the co-owner of the property. The co-owner retains a 2% non-participating net smelter returns production royalty in 15 claims previously transferred to the Company. The Company has written down the carrying value of the property to reflect management's assessment of the property.

(c) Bronson-Pelican Property, Liard Mining Division, B.C.

The Company owns an interest in 13 mineral claims. The Company owns a 26.4% interest in the Bronson Creek portion of the property. The Company proposes entering into a joint venture with the holder of the remaining interest in the property to further its development.

(d) Akie-Yuen-Noel Property, Omineca Mining Division, B.C.

Pie Property, Omineca Mining Division, B.C.
The Company has an interest in 52 mineral claims. Pursuant to an agreement dated June 16, 1992, the Company granted an option to sell a 60% interest in 36 of the claims (the Gataga Property) in consideration of cash payments totalling \$140,000 and incurring exploration expenditures totalling \$1,500,000 before March 1, 1996. On July 10, 1995, the Company received notice from the optionee that the above condition had been satisfied and their 60% interest had been earned. Pursuant to agreements dated May 17, 1996 and October 23, 1996, a joint venture was formed to further develop the Gataga Property. The Company was required to fund the first \$1,440,000 of expenditures in the first program, the next \$95,830 was funded by the joint venture partner and further expenditures were funded on a 60/40 basis by the joint venture partner and the Company respectively. The Company expended a total of \$1,576,640 on the property during the year. The company has the option to increase its participating interest to 50.1% by expending an additional \$1,227,557 on the property by December 31, 1997.

(e) Kechika North Property, Liard Mining Division, B.C.

The Company owns a 100% interest in 61 mineral claims, certain claims of which are subject to a % net smelter royalty.

(f) Alberta Diamonds, Southwestern Alta.

The Company holds 15 metallic and industrial minerals permits encompassing 10,148 hectares in Southwestern Alta.

(g) Flathead Property, Fort Steele Mining Division, B.C.

The Company owns a 100% interest in 1 mineral claim.

(h) Tulsequah Property, Atlin Mining Division, B.C.

The Company owned a 100% interest in 1 mineral claim. An appeal made against the Company's title to the property was decided in favour of the appellants. A total of \$22,756 in expenditures have been written off as at the year end.

(i) Turnagain/Cry Lake Property, Liard Mining Division, B.C.

The Company acquired 18 mineral claims for the cost of staking.

NOTES TO THE FINANCIAL STATEMENTS Cont'd

For The Years Ended December 31, 1996 And 1995

Expenditures made on the Company's mineral properties were as follows:

	1996	1995
Acquisition costs	\$ 18,240	\$ 33,061
Deferred exploration expenditures		
Aircraft and helicopter	384,134	28,425
Camp and exploration support	35,535	1,797
Drilling	875,265	-
Engineering and geological fees	165,292	29,839
Geochemistry and assay	19,790	150
Legal	8,844	4,398
Licenses and fees	29,005	4,530
Linecutting	3,902	-
Project management & administration	100,494	-
Reports, maps and drafting	7,142	19,000
Travel and accommodation	98,250	8,814
	<u>1,727,653</u>	<u>96,953</u>
Less: expense recoveries	-	(14,174)
	<u>1,727,653</u>	<u>82,779</u>
Balance, beginning of year	865,478	749,638
	<u>2,611,371</u>	<u>865,478</u>
Write-off of mineral properties	22,756	-
Balance, end of year	<u>\$ 2,588,615</u>	<u>\$ 865,478</u>

	1996	1995
Allocated to		
Shag Creek Property	\$ 109,361	\$ 109,362
Ecstall River Property	234	234
Chodi Property	37,038	37,018
Iskut-Unuk Property	8,959	6,859
Bronson-Pelican Property	276,355	276,355
Tulsequah Property	-	19,769
Akie-Pie Property	1,790,520	161,453
Kechika North Property	217,759	192,823
Alberta Diamonds Property	63,263	56,411
Flathead Property	5,194	5,194
Turnagain/Cry Lake Property	79,932	-
	<u>\$ 2,588,615</u>	<u>\$ 865,478</u>

4. CAPITAL ASSETS

	1996		1995	
	Rate	Cost	Accumulated Depreciation	Net Book Value
Office furniture and equipment	20%	\$ 15,113	\$ 10,597	\$ 4,516
Computer equipment	30%	11,566	7,578	3,988
		<u>\$26,679</u>	<u>\$ 18,175</u>	<u>\$ 10,530</u>

5. SHARE CAPITAL

The authorized share capital consists of 25,000,000 common shares without par value.

Issued and outstanding -

	1996		1995	
	No. of Shares	Amount	No. of Shares	Amount
Balance, beginning of yr.	4,379,800	\$1,626,837	4,228,000	\$1,533,550
issued during the yr. for cash				
• private placement,				
net of share issue costs	1,831,578	1,645,182	175,000	101,500
• stock options exercised	110,500	78,535	-	-
• warrants exercised	70,000	46,900	-	-
• company shares resold	23,200	8,213	-	-
Total shares issued, end of yr.	<u>6,415,078</u>	<u>3,405,667</u>	<u>4,403,000</u>	<u>1,635,050</u>
Less				
Shares purchased and held by Company	70,500	24,495	70,500	24,495
Shares resold for cash	(70,500)	(24,495)	(47,300)	(16,282)
	<u>-</u>	<u>-</u>	<u>23,200</u>	<u>8,213</u>
Balance, end of year	<u>6,415,078</u>	<u>\$3,405,667</u>	<u>4,379,800</u>	<u>\$1,626,837</u>

(a) Stock Options

The Company has outstanding stock options to directors and employees to purchase a total of 640,000 common shares at a price of \$0.45 per share on or before November 7, 2001.

(b) Warrants

The Company has outstanding warrants to purchase a total of 878,952 common shares at a price of \$1.10 per share on or before March 22, 1997.

6. SHARE SUBSCRIPTIONS

The Company has entered into a private placement agreement to issue a total of 261,748 flow-through common shares at a price of \$0.4788 for total proceeds of \$125,325. The funds are held in trust and will be released upon the Company incurring that amount in exploration expenditures on its mineral properties, upon which time the shares will be issued. A finders fee of 7.5%, to be paid by the issue of 19,382 common shares, is payable in connection with this private placement.

7. RELATED PARTY TRANSACTIONS

Fees totalling \$33,000 (1995 - \$29,999) were paid to the President of the Company for geological consulting and management services. A total of \$25,000 (1995 - \$21,271) for geological consulting has been charged to deferred exploration expenditures and a total of \$7,500 (1995 - \$8,728) has been charged to expenses.

An officer of the Company was paid a total of \$12,000 for secretarial services.

8. INCOMES TAXES

The Company has accumulated non-capital losses for tax purposes of approximately \$625,000 which may be carried forward to reduce taxable income of future years, expiring at various dates to the year 2003. The potential income tax benefits arising from the foregoing are not recorded in the financial statements. Included in deferred expenditures and joint venture expenditures is an amount of \$1,868,351 that is not deductible for income tax purposes as a result of the issue of flow-through shares.

9. SUBSEQUENT EVENT

The Company has completed a private placement, subject to regulatory approval, for the issue of 58,333 units a price of \$0.60 per unit for total proceeds of \$35,000. Each unit will consist of one common share and one warrant exercisable to purchase one additional common share at a price of \$0.60 in the first year and \$0.70 in the second year.

ECSTALL MINING CORPORATION

DIRECTORS AND OFFICERS

Chris Graf, B.Ap. Sc., P.Eng.
President/Director

Mr. Graf is the controlling shareholder of Ecstall and a professional engineer and geologist with 20 years experience in mineral exploration both as an independent prospector and as director/president of junior mining companies. His previous projects include the discovery and staking of the Sulphurets porphyry copper-gold project that presently hosts reserves of 175 million tons grading 0.7% Cu and 0.5 gpt Au. Control of this project was acquired by Placer Dome Ltd. in 1989 through a \$12 million takeover bid for Sulphurets Gold Corporation, the junior company that owned the deposit and was controlled by Mr. Graf. Mr. Graf owns 1,757,579 common shares and options for 220,000 shares of Ecstall.

Andrew S. Burgess B.Com., C.A.
Director

Mr. Burgess is a self employed Chartered Accountant and is Vice President of Dominion Explorers Inc. Prior to this, Andrew was Vice President Finance for Consolidated Brinco Limited for nine years and CFO of several other junior companies. Mr. Burgess owns 180,263 common shares and options for 100,000 shares of Ecstall.

Garth M. Evans LLB
Director

Mr. Evans has been a member of the Law Society of British Columbia since May 1975 and is currently a partner in Evans, Goldstein & Eadie, a Vancouver based law firm. Mr. Evans hold options for 100,000 shares in Ecstall.

Geoffrey Harden B.Sc., Ph.D.
Director

Mr. Harden was previously with Cominco Ltd. for 23 years where he initially held the positions of Senior Geologist and then Manager both for their International Exploration Division, based in Europe, and for their Western District Exploration Division based in Vancouver. In 1987, Mr. Harden was made a Vice President and Director of Cominco Resources International Ltd., a position he held for 6 years until his retirement in 1993. Mr. Harden holds options for 100,000 shares of Ecstall.

Christine J. Graf,
Secretary

Prior to joining Ecstall in February 1995 as Secretary, Ms. Graf spent approximately 16 years in the Vancouver brokerage industry. Ms. Graf owns 55,900 common shares, directly and options for 120,000 shares of Ecstall.

STOCK INFORMATION

Listed: Resource Section of the Vancouver Stock Exchange

Trading symbol : EAM

12g exemption #82-2647

Cusip #: 27924C109

Number of shares issued and Outstanding: 6,415,078

AUDITOR

G. Ross McDonald
Chartered Accountant

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REGISTRAR AND TRANSFER AGENT

Pacific Corporate Trust
#830 - 625 Howe Street
Vancouver, B.C. V6C 3B8

OPERATIONS OFFICE

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Look for us on the Internet at;
<http://www.stockgroup.com/eam.html>
or send your E-Mail message to us at
cgraf@ecstall.com

*Cover photo is of the Akie property looking west,
bald areas are drill pads.*