

Ecstall groping the tail of an elephant?

It is also time to be long Ecstall Mining Corp (EAM-V: \$1.20), whose Akie lead-zinc prospect Metall Mining will drill this summer. Metall spent \$1 million last year on drilling that revealed a steeply dipping sedex system within northeastern British Columbia's Kechika Trough not far from the Cirque deposit. The Cirque deposit, which hosts 38 million tons of 8% zinc and 2.2% lead, was fully permitted for production when Clifford Frame's Curragh Inc plunged into bankruptcy. In December 1993 a consortium comprised of Teck, Cominco, Korea Zinc and Samsung bought the Cirque deposit in a fire sale. They have not proceeded with production plans because of continuing softness in zinc prices. Zinc had rallied to a range of US \$0.60-0.80/lb between 1988 and 1991 after a decade drifting in a \$0.30-0.50 range. The double whammy of a worldwide recession and heavy production from Australia and China pushed zinc prices back into a \$0.40-0.50 range. While other metals have benefitted from the recent commodity boom, zinc stayed in the doghouse and is likely to remain there as the prospect of another recession looms for North America. The key to the long-term outlook is whether or not China turns into a net-importer as its automotive industry expands.

The challenge for Metall and Ecstall is to demonstrate that the Akie deposit is bigger and better than the neighbouring Cirque deposit. One advantage is the steep 70° dip of the Akie deposit, which will allow lower production costs than possible with the Cirque's shallower 30° dip. So far a zone of bedded massive sulphide mineralization with a strike length of 1,400 metres and a downdip extension of 300 metres has been established. The true width has ranged from 10 metres near surface to 30 metres at depth where mineable widths of 5-10 metres have graded in excess of 10% combined zinc-lead. Metall and Ecstall hope that they are on the periphery of a large disk-shaped deposit that thickens toward the middle. Sedimentary exhalative (sedex) deposits are created by submarine smoker systems that cause large bedded deposits to form around the smoker vent. Provided faulting and folding haven't jumbled up the original disk too badly, drilling can quickly generate large tonnages once you have found the core.

Drilling for downdip extensions this summer

The problem for Metall and Ecstall is that the 70° dip into the mountainside has put the projected core largely out of reach for holes drilled from the surface. There is some suspicion, however, that the system curves inward thanks to folding. Metall plans a \$1.8 million drill program this summer that will include 2,000-3,000 ft holes. The first hole will be spotted to intersect the deposit 150 metres downdip from hole #12, which graded 4.2% zinc, 0.9% lead and 9.7 g/t silver over 30.5 metres. Similar or better grades and a thickening of the mineralization should be regarded as evidence that the Akie deposit is turning into an elephant. Unfortunately, proof will likely require driving an adit into the mountain at the valley elevation to facilitate underground drilling. That will be very expensive, require special permitting, and not happen until next year.

This summer's drill program is going to be very tricky for Ecstall from a strategic point of view. As of December 31, 1994 Metall had spent \$1,415,000 of the \$1.5 million it needs to spend to become vested for 60%. Metall tried to get Chris Graf to work out a joint venture agreement for this year's proposed \$1.8 million program, but Graf resisted because the terms of the option agreement stipulate that Ecstall does not have to contribute any funds until the end of the exploration season. In other words, Ecstall gets a temporary free ride because of a measly \$85,000 Metall did not spend last year. Of course, at the end of the season

Ecstall will receive a cash call for 40% of expenditures beyond \$85,000. If results are good Ecstall can easily raise the money from investors to meet the cash call. If they indicate the Akie deposit has no economic potential, Ecstall can elect to reduce to a 2% NSR. What will probably happen is that Metall will conduct a smaller program designed to establish whether or not an underground drill program is necessary. This summer's work may provide useful information for a major with deep pockets to support grand geological extrapolations, but it may not be good enough to enable a junior to raise the cash to stay in the game.

Ecstall absolutely must raise money this summer

Assuming Metall decides against playing games with Chris Graf and proceeds with an aggressive \$1.8 million program this summer, Graf is not necessarily out of the woods. Ecstall has 5 million fully diluted shares of which management owns over half. Graf's failure to get any players with fund-raising clout on board means that he has to rely on this summer's results to tempt potential financial backers. If he waits too long and the results are ambiguous, nobody may care because no further work will be done until the middle of next year. Normally I would write this situation off as a hopeless case, but this year circumstances are different. Voisey Bay is a huge Canadian discovery that encourages big picture thinking. The enormous new wealth in the hands of Voisey Bay speculators will stimulate them to embrace visions of undervalued elephants. My guess is that if Metall's work this summer improves the probability that Akie will be better than the Cirque, Ecstall will attract the attention of investors who have made big scores at Voisey Bay. With a project valuation of only \$15 million, the Akie play represents a topnotch risk-reward opportunity. The biggest risk is that Chris Graf will be too paranoid about losing control to do what is best for the company, namely get it funded. Graf's lack of experience handling bigshot brokers and bad memories of getting shafted by them may leave him in a state of paralysis. That is the pessimistic assessment. On the other hand, he has had plenty of time to think about the situation, and I am optimistic he will play his cards wisely. There is also the possibility that Cominco or Teck may step into the breach to help out. Keep in mind that much of the negativity regarding Cirque and Akie has its roots in a sour outlook on zinc prices. But commodity prices do emerge from their slumps. Not too long ago nobody dreamed molybdenum would ever make an interesting exploration play. Now juniors are dusting off moly prospects left and right. Bottom-fishers should consider adding some Ecstall to their portfolio now, though the stock may be a better buy at higher prices when new results start convincing this project's numerous skeptics that it is for real. Ecstall can be reached at (604) 681-4402.

White Knight and the Hunt for SullivanTwo

Metall Mining is also active searching for a sedex deposit in the Cranbrook area of southeastern British Columbia. Last November Metall optioned 60% of the Goatfell property from White Knight Resources Ltd (WKR-V: \$0.26) for \$1,150,000 exploration and \$300,000 cash over four years. Metall hopes to find a lead-zinc-silver deposit similar to the Sullivan that made Cominco. The Goatfell property has been worked and thought about a lot of work during the past decade. Metall plans a critical geophysical survey to check John Leask's latest theory.

The world class Sullivan deposit was discovered in 1892 but did not "become" an orebody until 1920 when a flotation process was developed to overcome the ore's metallurgical problems. Sullivan had a resource of 155 million tonnes of 5.7% zinc, 6.6% lead, 66.5 g/t silver, and byproduct credits for other metals like cadmium and tin. The saucer shaped deposit was 2,000 m long, 1,600 m wide, and 100 m thick in the middle. It is a stratiform