



► INSIDE STORY

885366

METLA

White water for Roots

Once Canada's most inventive retailers, Roots founders Michael Budman (left) and Don Green are struggling to beat the recession. And for the first time, they are following trends instead of making them. SEE PAGE 12

METLA

Murray Pezim strikes again

Six months after being nailed by B.C. securities regulators, the top promoter's trying to rev up the VSE again. But will the Metla Creek find live up to his shameless hyperbole?

By Gary Lamphier and Alan Bayless

YOU'VE gotta hand it to him. At 69, stock promoter Murray Pezim can still come back from a punch. Six short months after B.C. securities regulators nailed The Pez with a one-year trading ban for violating disclosure rules — a ban that has been suspended, pending a court appeal — Pezim is again bobbing and weaving, doing what he does better than anyone else: promoting.

The object of The Pez's shameless hyperbole these days is Metla Creek, a gold and base-metals prospect situated at the damp toe of a glacier in northern B.C., about 150 miles

northwest of the three-million ounce gold discovery at Eskay Creek, Pezim's last big score.

Even though it was first discovered by a roving Cominco Ltd. geologist in 1954, Metla remains largely unexplored. But these days it's getting very busy. More than a dozen affiliates of Prime Equities Inc., Pezim's VSE-listed flagship, have begun an initial \$3.5-million summer exploration program, shutting in a 40-person base crew.

"If we hit something, it's going to be humongous," says The Pez, with vintage understatement. "I believe I will explode this market. The targets are so big."

The battered VSE needs a winner even more than does The Pez, the

exchange's most important promoter. While prices of U.S. small-cap stocks and most major market indices have recovered smartly since Jan. 1, the VSE's composite index gained a puny 6.6%. At 560.64, it was just 13% above the all-time low of 493.95, set Jan. 23, and 72% below its May 1987 peak of 2015.48.

Daily VSE trading volume averaged just 15.8 million shares in May, 8.7% below the year-earlier level. Financings are scarce. The VSE itself expects another money-losing year, after losing \$2.3 million for the year ended March 31. Despite the onset of summer drilling, the exchange remains locked in the doldrums. All very similar to the situa-

CONTINUED ON PAGE 7

by Patricia Best and Theresa Todesco

THEY had once thought the key to owning a successful financial institution was to hire competent managers and leave them to do the job. And indeed that philosophy worked during the halcyon days of the '80s boom. Leonard Ellen and Reuben Cohen's Central Capital Corp. ballooned from assets of \$4.3 billion in 1986 to \$17.6 billion in 1990. But these are not halcyon days. And Ellen and Cohen now find themselves at Central's corporate office in Toronto

FarWest: Ho Belzbergs t

THE announcement merited a mere squib in the L.A. Times earlier this month. FarWest Savings and Loan Association has been put up for sale by Resolution Trust Corp., a division of the Federal Deposit Insurance Corp. Resolution Trust, remember, is made up of the guys who swept in to market and operate the ailing U.S. thrifts, and they've got offices spread throughout the United States to help them do just that. FarWest, which was seized by the

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The Entrepreneur

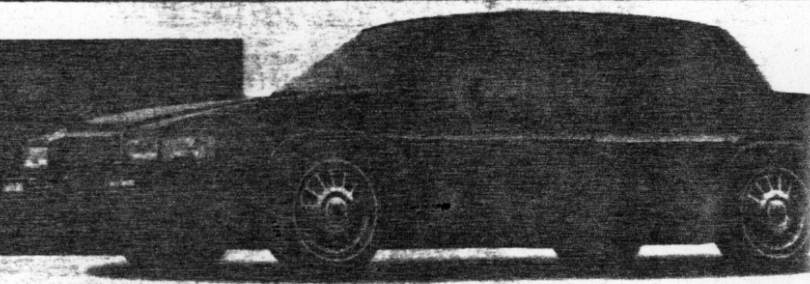
A look at the performance of Canada's 100 fastest-growing

small companies

SEE PAGES A1-A8

FINANCIAL POST - Jan 24/91

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on.)
her hand, Cominco, which has demonstrated interest in the area for the past 37 years, was made near the tip of the glacier. At the tip of the glacier, a geologist found a deposit containing copper. Cominco then took a closer look at the area. The glacier had retreated 1,700 metres. The deposit is 4,000 metres, which is about the same as a hairline fracture.

Cominco has set targets within a mile long and in steep terrain. Cominco then set the play for a Galico Resources a 60% stake in by spending \$1.1 million. Pezim have a combined Galico, which drilling results

willingness to control of Metla tests that it may Pezim's great ex-Cominco source company's view Metla is fairly should save our things."

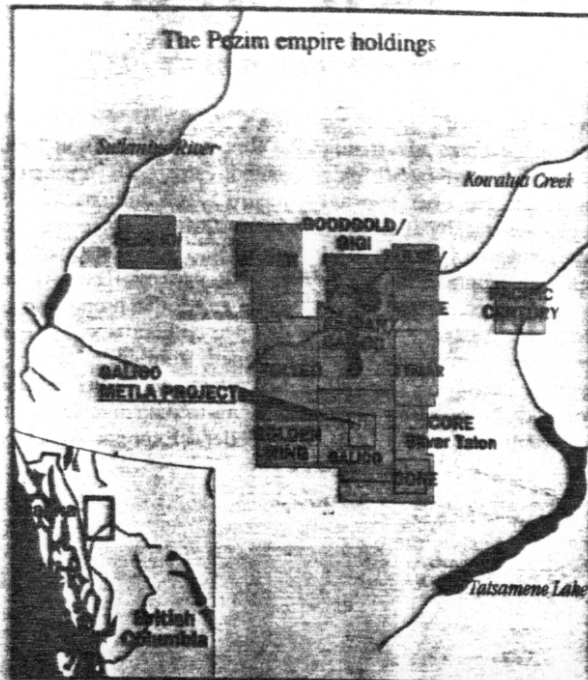
mainly enthusiastic for a dozen affiliates to buy the Cominco proposal mineralization to be wide-classic Pezim strategy.

The Pez has Vancouver's gold bugs are perkily, the for-work again. "It's The Pez, "and creek."

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Vancouver Bureau

THE PEZ'S LATEST PROMOTION

Vancouver's languishing stock exchange needs a big Pezim score



Company	Shares out	Price	Pezim stake
Adrian Resources Ltd. ¹	10.3m	\$1.34	18%
Core Ventures Inc. ²	7.0m	\$0.25	28
Galico Resources Inc. ¹	2.8m	\$1.72	63
Galico Resources Ltd. ¹	7.0m	\$0.25	4
Glider Developments Inc. ^{1,3}	4.3m	\$0.32	6
Galico Mining Resources Ltd. ^{1,3}	1.3m	\$0.66	27
Goodgold Resources Ltd. ¹	3.9m	\$0.22	32
Maple Resources Corp. ¹	2.8m	\$0.50	9
Pacific Century Explorations Ltd. ^{1,3}	5.0m	\$0.40	36
Pulse Equities Ltd. ²	40.0m	\$0.70	6
Pulse Resources Ltd. ¹	3.1m	\$0.17	33
Sioban Development Corp. ^{1,3}	5.2m	\$0.23	2
Toltec Resources Ltd. ¹	4.3m	\$0.46	25
Vancouver Resources Inc. ¹	4.4m	\$0.50	27

Source: B.C. Securities Commission files; Prime Equities Ltd.

John O'Sullivan / Financial Times



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Cominco's interest in Metla was tepid

CONTINUED FROM PAGE 1

tion in mid-1989, when impressive drilling results from Pezim's Eskay Creek project jolted the exchange back to life.

"Out of the worst markets come the best markets in the speculative stocks," says John Woods, editor of Stockwatch, a VSE newsletter. "That's because the stocks don't have any premium built into them at the bottom." Which is to say, they have nowhere else to go but up.

Another glimmer of hope: U.S. securities regulators began tightening penny-stock rules more than a year ago, depressing that country's speculative markets. The penny-ante Spokane Stock Exchange closed last month, after 94 years of business. Now, determined gold-exploration speculators are practically being forced into Vancouver to roll their dice.

Pezim aims to keep the customers satisfied. Pezim-controlled Prime Equities has 61 VSE-listed affiliates, which in turn collectively have \$20 million in the kitty from past financings. Pezim completed half a dozen financings in recent months. Another two dozen offerings are on the shelf, waiting for the market upturn that Pezim hopes to achieve with his Metla magic.

The prospect itself is intriguing. Just how intriguing depends on who you talk to. "When we reviewed Prime's package of projects, we rated this one quite highly," says Wayne Spilsbury, vice-president of a unit of Teck Corp., one of Canada's most senior mining companies. "Metla is in a relatively unexplored part of B.C. Chances of new discoveries are good." Teck recently invested \$5 million in Prime. The deal's terms give Teck the right to acquire half of Prime's stake in a yet-to-be-determined project, provided Teck agrees to bring it

into production.)

On the other hand, Cominco, which, ironically, is controlled by Teck, has demonstrated only tepid interest in Metla for the past 37 years. The discovery was made near Cominco's now closed Tulsequah mine. At the tip of a glacier, the geologist found a field of boulders containing gold, zinc, and copper. Cominco didn't take a closer look until 1988, when a government survey of the area showed the glacier had retreated a full 1,700 metres. (Pezim claims 4,000 metres, though he says his hairline is receding faster.)

Since then, Cominco has defined six key targets within a zone about a mile long and 900 feet wide, in steep terrain rising 600 feet. Cominco then sold control of the play for a pittance: Galico Resources Inc. will earn a 60% stake in the property by spending \$1.1 million on exploration. Pezim and Prime have a combined 63% stake in Galico, which expects initial drilling results in late July.

Cominco's willingness to part with control of Metla strongly suggests that it may not fulfill Pezim's great expectations. A Cominco source says that the company's view was "that Metla is fairly small, and we should save our fire for bigger things."

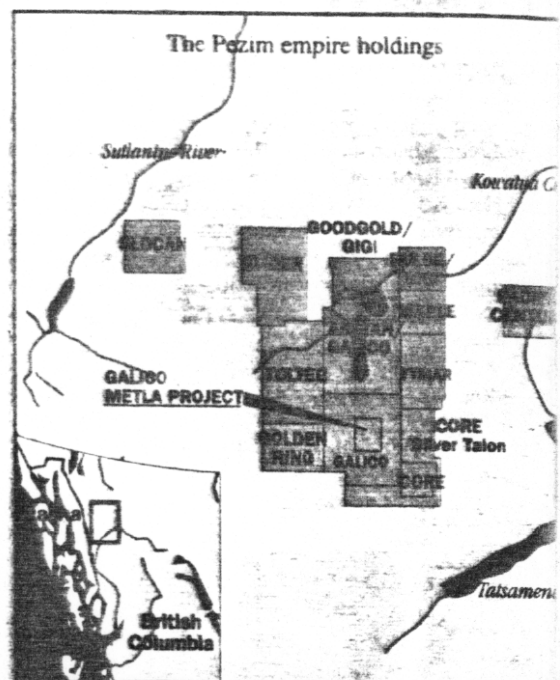
Pezim remains enthused. He has arranged for a dozen other Prime affiliates to buy rights near the Cominco property, just in case mineralization turns out to be widespread — a classic Pezim area-play strategy.

Meanwhile, The Pez has revved up Vancouver's gold fever. The gold-bugs are perking up. Amazingly, the formula could work again. "It could be," says The Pez, "another Eskay Creek."

Gary Lamphier is a staff writer and Alan Bayless is chief of the Vancouver Bureau

THE PEZIM

Vancouver's languishing stock



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