

# MININGINSIGHTS™ OreSearch 136

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## Dianor Rockets Upward; So Does the MiningInsights™ 2006 Portfolio Challenge; Ecu Silver Leverage; Klondike Silver Update

With Dianor shares rocketing skyward again today, many Subscribers have value questions on how the project can support the current market capitalization. Answer: easily – here's why:

Symbol	Exchange	Price	Change	Time	Date	Open	High	Low	Volume
DOR.V	Vancouver	0.78	+0.09	12:58pm	1/9/2006	0.70	0.79	0.68	980725

The MININGINSIGHTS™ LEADBETTER BLOCK MODEL conservatively estimates block tonnage on a 100m square basis defined by the drill holes reported to date. So, only the blocks defined by one drill hole on the one section drilled make it into the estimate. If you consider that at least four more sections need to be drilled with the expectation of more diamond bearing rock, then yes, the tonnage and contained diamond estimate will increase. The model also takes ONLY the 0.85mm+ diamonds recovered in the drill holes for the resource grade calculation.

In a small survey of what others are (finally!) saying about the size of the Leadbetter deposit, it appears that we're coming in on the conservative end again. The MI model suggests 59MM tonnes is defined by the drilling to date; if you want to add in the tonnage in the lines to be drilled and the alluvial resource and all the diamond-bearing rock south of the access road and get a bigger number, go ahead. We won't be reporting 200MM or 300MM tonnes or 400MM tonnes until the company defines that much.

In that 59MM tonnes, you can expect to find 14.7MM carats LARGER than 0.85mm. If you assume that each carat of these beautiful stones commands a measly US\$10/ct, then the insitu value of the Leadbetter Block Model on a per share basis is C\$1.61.

Why the sudden market attention? Perhaps because more investors saw the ROB-TV appearance than was previously thought. Or perhaps because CEO John Ryder usually takes a bunch of diamonds to show interested folks at meetings... Maybe even brokerage analysts are noticing; one astute Subscriber suggested that at \$1.00+ per share, Dianor wouldn't be considered a 'penny stock' and that would attract a different investment crowd.

### MI Portfolio Challenge Growth Update

Without belabouring the point, we've had a very good month so far. **Dianor** has a total Challenge return of 207%, and the current high price today represents a 100% return with 107% (off 39c/share) yet to go. **Mystery Stock**, a company I've written about in the past but can't release the report just yet, hit a year's high of 35c/share today. Since the portfolio challenge hasn't started for this company yet, there should still be some fun to be had. Third candidate **Amador Gold Corp** hasn't traded today and sits at 14.5c/share, for a 45% return. Finally, we forecast an exchange ratio for a merger between MI Research Partner **Abacus Minerals** and **New Gold** of 1:1. With today's move upward in Abacus and downward in New Gold, the proforma exchange ratio is 6.85:1. We still have a way to go yet!

We now have Portfolio Challenge participants in 4 countries on three continents in three hemispheres. E-mail us if you'd like to participate.

## Ecu Silver Mining and Klondike Silver

Symbol	Exchange	Price	Change	Time	Date	Open	High	Low	Volume
ECU.V	Vancouver	0.54	+0.04	1:46pm	1/9/2006	0.52	0.57	0.51	1020792

New Subscriber Mr. BM from Mississauga, Ontario, and I were talking about Ecu Mining, a company with the old Velardena mine halfway between Torreon and Durango in Mexico. As an analyst with a major Toronto brokerage in the late 90's, I had the opportunity to visit Velardena. I liked it so much I pasted the longitudinal section to my field clipboard. That is the mess behind the text on this page.

What fascinates me about these early stage production stories are the leverages to the underlying metals prices you get with an investment. For example, in H1/2005, the company produced saleable concentrate containing 196 oz gold, 135,927 oz silver, 750,389 lbs lead and 1,026,392 lbs zinc. Now the news release does not give smelter returns as a percentage of concentrates sold so the values will be less than the following. Gold accounted for 5% of total revenues at US\$475/oz. Silver accounted for 51% of total revenues at US\$7.50/oz. Lead gave 14% of total revenues at US\$0.375/lb and zinc generated 31% of total revenues at US\$0.60/lb. The gross value of this shipment to the common shareholder was 1.5c/share on 154MM shares out, or contributed 3% of the current non-adjusted market capitalization. Note that we're using long term sustainable prices for the revenue calcs; the difference between these and spot prices might go a long way to covering the smelter treatment and refining charges.

While this is not a barnburner by production standards, any production in the heady metals environments is likely to catch some investor interest and make financing easier. Another value point of note is that the conversation I had with CEO Mr. Michel Roy this morning was conducted first in French, for the developmental history of Ecu Velardena involvement, then in Spanish for insights into cultural knowledge of Mexican mining and ability to interact with all manner of involved parties, and finally in English, because we don't get very far in the capital markets presenting projects in any language but English.

### MI Investment View - Ecu Silver Mining Corp

Note that Ecu Silver Mining Corp is not a MiningInsights™ Research Partner and no discussions have been had to that effect. Still, I did not find any red or pink investment flags in our trilingual conversation, operational analysis, or regulatory filing review. The company might be worth a look!

### Klondike Silver (yet to be listed; unpriced)

Klondike Silver has almost closed a small financing in preparation for the start of trading. The primary Klondike Gold asset is the Sandon project, site of an amazing production history and vein systems rife with lead, zinc, silver, and gold. Don't forget there is an operating mill on site ready to process ore.

[If all goes well, you can access three clips of a site visit video here.](#) You'll see the mill, office (comfortable) and visit the Wonderful vein system in a couple of locations. In fact, the panoply of vein systems is such that I've misidentified the Wonderful vein system for the Hinckley vein system not far away.

