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THE TIMELESS PRECIOUS METAL FUND

ECU SILVER MINING INC. (TSXV: ECU) FOLLOW-UP NO 3 / August 29, 2006

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<u>ECU SILVER MINING INC: RETURN ON CAD 10,000 INVESTMENT</u>					
Purchase Date	No. of Shares	Purchase Price	Cost (CAD)	Price Today	Value Today
February 10, 2006	13'000	0.77	10'010.00		
Total	13'000	0.77	10'010.00	3.11	40'430.00
Profit					30'420.00
Profit (in %)					304%



<u>SHARES OUTSTANDING / FULLY DILUTED</u>	<u>MARKET CAP</u>
195,483,313 / 229,299,059	CAD 589.3 Million
<u>52 WEEK LOW / HIGH</u>	<u>AVERAGE VOLUME TSXV</u>
CAD 0.24 to 3.40	973,200 (200-day)
<u>RECOMMENDATION</u>	<u>RISK RATING</u>
BUY	HIGH

SILVER MINING IN THE STATE OF DURANGO, MEXICO

Business Summary

ECU Silver's operations are located in the **Velardeña mining district** in the state of **Durango, Mexico**.

7 former producing mines are located on the Velardeña property but 100% of the current production comes from a sector of the **Santa Juana mine**, supplying ore for the milling facility. (May, 2005).

The milling facility is also located in the Velardeña mining district and is a short distance from the mines. The milling facility is currently operating at 250tpd, and has recently undergone a major expansion that has allowed it **to more than double its output of concentrate**. Prior to the expansion, the milling facility was processing 180tpd of ore.

The mill is constantly being fine tuned and the company is currently in the process of:

- Reaching the medium **goal of 400tpd production** by purchasing and installing the necessary equipment;

- Adjusting the reagents to improve recoveries;
- Completing the installation of the pyrite circuit to recover 75% of our future Gold production;
- Process 20,000 tonnes of tailings grading 5 g/t Au with the same pyrite circuit;
- Finalizing negotiations to get better conditions from the smelter.



In addition to the current operations, ECU Silver continues to remain active looking at new milling facilities and properties in the Velardeña mining district.

The company also controls the **San Diego property**, located approximately 10 kilometers to the northeast. This property has an estimated historic resource of 1.4 million tonnes of near-surface silver-lead-zinc mineralization, with low grade gold values, but it has seen almost no exploration activity from ECU to date.

Velardeña Projects

The Velardeña Property contains three blocks consisting of 24 concessions totaling 563.3 hectares located in **the Velardeña Mining District in Durango State, central Mexico.**

The Property is situated approximately 95 kms south-southwest of the city of Torreón, Coahuila State, and 140 kms northeast of the state capital Durango. A four lane toll highway connecting Torreón and Durango passes 3 kms east of the village of Velardeña. A 7 km gravel road leads from the village to the mine site.

The Property includes five mines; **Santa Juana, Terneras, and San Juanes**, which are interconnected, plus **the San Mateo and San Diego** mines. The Property is currently in production with development muck and mineralized stope material coming from the Santa Juana Mine for treatment at the Velardeña mill.

The local geology is characterized by a thick sequence of limestones and subordinate calcareous clastic rocks of Cretaceous age, intruded by Tertiary stocks of felsic to intermediate composition. Tertiary volcanic rocks unconformably overlie these units. The Aurora Formation limestones host the Santa Juana, Terneras, San Juanes and San Mateo deposits on the Velardeña Property. The limestones are intruded by a series of multi-phase diorite or monzodiorite stocks and dikes of Tertiary age that outcrop over a strike length of approximately 2.5 kms.

The deposits on the Velardeña Property consist of low-temperature epithermal calcite-quartz veins with associated Pb, Zn, Ag, Au and Cu mineralization, typical of the polymetallic vein deposits of northern Mexico. The veins are usually thin, normally in the range of 0.2 m to 0.5 m, but remarkably consistent along strike and down dip. Within limestone host rocks, some of the veins are oxidized down to level 17 or 18, up to 450 m below surface. Oxide material is also found in the veins hosted by intrusive rocks near the La Tres Aguilas fault. Sulphide vein mineralization consisting of pyrite, arsenopyrite, sphalerite, galena and chalcopyrite and tetrahedrite, generally occurs within intrusive and skarn host rocks.

Santa Juana

The Santa Juana Vein accounts for all the current production. During 2005, opened stopes were doubled to 6.

In 2004, 16,232 tonnes of ore were processed from the Santa Juana Mine. The oxide zone was drifted 17.3 m on level 18 and the shaft was sunk 32 m to reach level 17. The sulfide zone saw 315.7 m of drifts and raises.

In 2005, a decline was completed to reach the 18th level. Access drifts on the CC and Santa Juana Veins were extended on the 15th and 16th level.

San Mateo

Accesses to levels 1 to 3 of the San Mateo Mine are by an adit located about 500 m east of the entrance of the access drift for the Terneras Mine. Additionally, a new access is being driven from the main access drift to Santa Juana, in order to reach the veins of this mine on level 6.

In 2004, production was obtained from levels 1 and 2 including 98.55 m of development for 568 tonnes of ore grading 1.13g/t gold, 294g/t silver, 1% lead, and 0.07% arsenic. Stope production consisted of 1,932 tonnes containing 1.91g/t gold, 616g/t silver, 2.14% lead, 0.87% zinc, and 0.06% arsenic. The new access drift to reach level 6 of the San Mateo Mine is scheduled to reach the vein in Q4 of 2005. Then a vein will be developed on that level with the objective of producing from this silver-rich zone.

San Juanes

Until 2004, the San Juanes Mine was accessed by the same underground access as the Santa Juana and Terneras mines by way of an adit on level 6 of the Terneras Mine and a small drift close to the surface. A new adit was opened in 2004, located more than 1 km north of the opening of the access drift to Terneras. In 2004, the Company drifted 388.22 m on level 1, producing 5,577 tonnes of ore with a content of 2.42g/t of gold and 163g/t of silver. ECU also extracted 1,718 tonnes grading 2.70 g/t gold and 246 g/t silver from stopes and drifted 88.78 m of crosscuts that yielded 1,492 tonnes of waste material. In 2005 the Company anticipates developing this zone on level 6 for a minimal length of 150 m, and will be preparing for production from that new area.

Recent News: ECU Makes Major New Gold and Silver Discovery Over 40 Meters in Length and 5.88 Meters in Width

ECU Silver Mining Inc. has made a **materially significant new discovery** at its Velardena property in Mexico. As a result of its continuing 2006 exploration program at the property, which is now only approximately one-third completed, the company is very pleased to report drilling results from four new crosscuts, spaced evenly 10 metres apart, **testing a structure containing parallel veins** beside the Santa Juana vein on level 15.

Highlights

- **Crosscuts on level 15 averaged 5.88 metres of width (19.3 feet) grading 5.79 grams per tonne (g/t) gold (Au), 194 g/t silver (Ag), 1.89 per cent lead (Pb) and 2.64 per cent zinc (Zn) over 40 metres length (131 feet).**
- Included was an intercept that averaged six metres (19.7 feet) of width grading 8.17 g/t Au, 304 g/t Ag, 2.07 per cent Pb and 3.07 per cent Zn.
- **Possibility of vertical continuity of nearly 200 metres (656 feet) connecting level 15 discovery to original stockwork zone on levels 17.5 and level 18.**

As was recently reported, following the initial discovery of the stockwork zone, the company began sampling other areas of the Santa Juana mine to look for geological environments similar to those exhibited by the stockwork zone. That is, to look for areas that had closely spaced parallel continuous veins with good grades between and close to the Santa Juana and A4 veins. This investigation has directly led to the latest discovery on level 15 adjacent to the Santa Juana vein.

The importance of the latest data arises from the following:

1. Given the grades just collected on level 15, the company plans further development and exploration in the area located between level 15 and level 18 (a vertical distance of nearly 200 metres (656 feet)).
2. Given that the company already has hard data from level 17.5 and level 18, which also yielded good grades, this latest discovery on level 15 along with the prior crosscuts executed on level 17.5, the company believes that this new zone may connect to the equivalent stockwork contact at depth, 200 metres (656 feet) lower, on level 17.5 and level 18. Readers are cautioned that the company is assuming that it should encounter mineralization between the upper and lower levels, but there are no guarantees that it will.
3. **Based on existing drilling data, this zone may extend for at least an extra 150 metres (492 feet) below level 18.**
4. The upward extension of the zone starting from level 15, may reach a minimum of 100 metres (328 feet) by extending it to level 12 and the company shall investigate to that level and higher in the oldest sections of the Santa Juana mine.
5. Forty metres (131 feet) of horizontal continuity have already been demonstrated by drifting on level 15 and the company is planning additional work to determine the extent of the zone which may extend well beyond 100 metres (328 feet).
6. **This new discovery on level 15 is from an entirely new section and once these data are integrated into the company's database the company expects a positive impact to its resources.**
7. Preparations to mine from level 15 will require minimal capital expenditures given that all the required infrastructure is already in place.
8. The new level 15 findings confirmed the presence of enriched sections in a stockwork-type zone that could be mined separately, to improve mining grades and ore value while lowering costs by using bulk-mining-type methods.

Readers are cautioned that although the above points are based on the best available data the company has collected to date, a material difference between the actual results and the company's expectations may arise once further drilling is completed.

Summary of known facts

The facts pertaining to this **new discovery** and how it relates to the other sections of the mine must be clearly emphasized now in order to understand the scope of the geological units the company is dealing with and what it might mean to the company.

Based on sampling and drilling assays harvested to date, the following can be summarized:

1. The system extends vertically for 450 metres (1,476 feet) from level 12 down to level 18 and beyond. This height could increase significantly as the company has yet to test in either direction, upward and downward, beyond what it has reported on to this point.
2. The stockwork zone on level 17.5 and level 18 has a width of over 26 metres (85 feet), which includes an intercept of 14.8 metres (48.6 feet) of width grading 5.13 g/t Au, 22 g/t Ag, 0.45 per cent Pb and 0.5 per cent Zn.
3. The new discovery on level 15 has a 5.88-metre average width and the company just entered that zone.
4. The zone on level 15 has a current lateral extension of 40 metres (131 feet), and further exploration work is under way to determine the full extent of the zone.

"The company is pleased with the results from the new crosscuts on level 15. **This latest discovery in the upper levels of the mine may be connected to the lower levels by the same system of veins based on hard data collected to this point, but further work must be carried out before we are certain.** Over the past few months, the company has gone from thinking about having the potential of using bulk-mining methods to the point today where the possibility to do so is being evaluated," noted Michel Roy, president and chief executive officer of ECU Silver Mining.

"Currently, we are working on level 15 to test the length of that zone and we should have more results shortly.," concluded Mr. Roy.

Fundamental Considerations

ECU RESOURCE ESTIMATE FOR THE ECU Silver Mining Inc. Velardeña Project

	Au g/t	Ag g/t	Tonnes	Oz Au	Oz Ag	Ore Type
M+IND	2.50	199	342,400	27,500	2,194,900	Oxide
M+IND	4.50	229	553,300	80,900	4,073,900	Sulphide
TOTAL M+IND	3.74	218	895,700	108,400	6,268,800	All
Inferred	3.99	263	738,900	94,700	6,236,600	All

The new Resources report demonstrates and justifies the need to significantly increase production.

Current drilling program less than 30% completed.

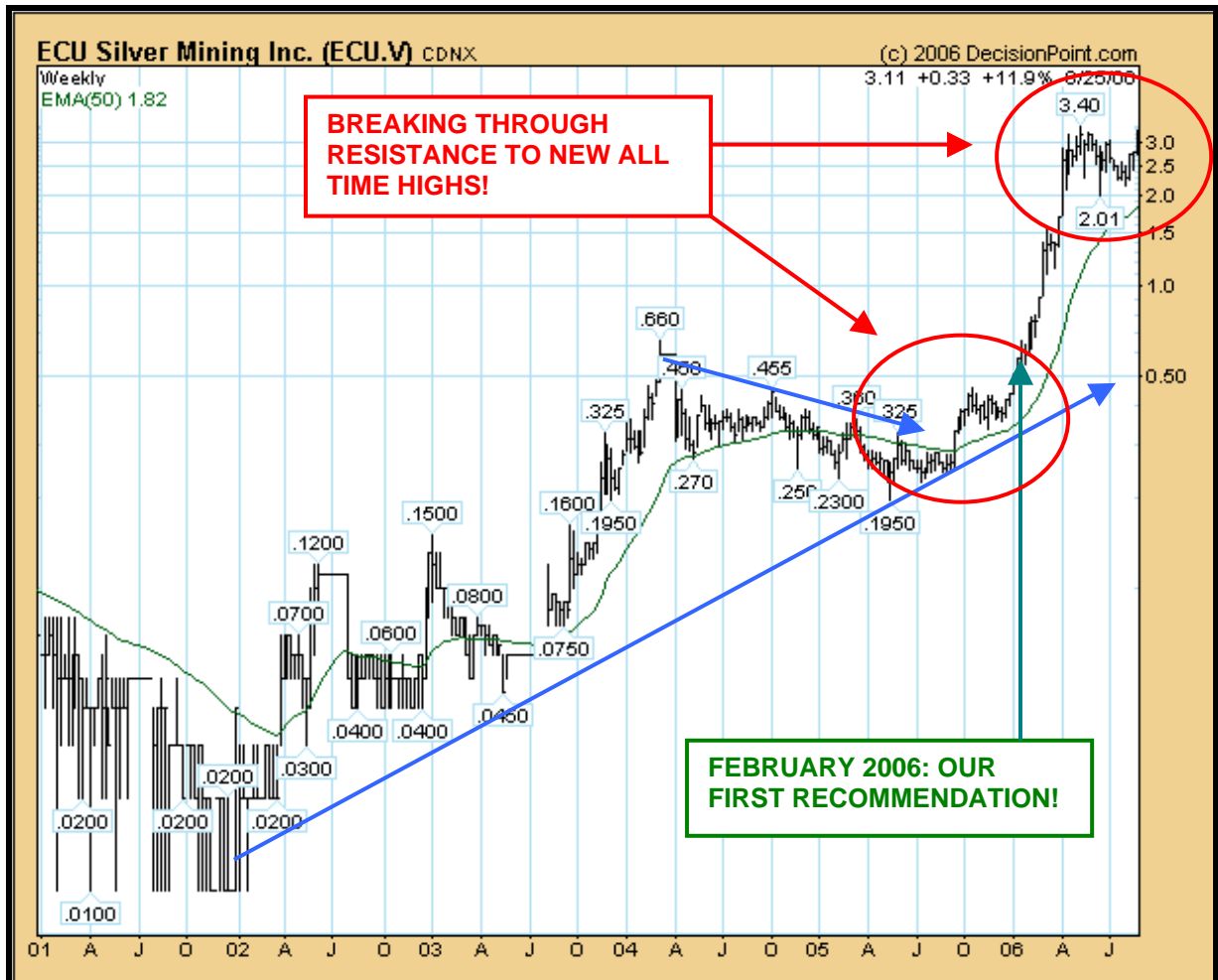
Numerous veins and recent discoveries, such as skarns (#1, #2) and stockwork zones are NOT included in this report despite the 42% increase in Indicated Resources and 608% in the Inferred Resources.

ECU Silver Mining Inc began full scale production in May 2005 at the Company's Santa Juana mine.

The major new gold and silver discovery adds a new dimension to ECU Silver's Velardeña Project.

Technical Considerations





“While a consolidation seems likely at this stage, continued good drill results and a strong silver price could easily propel the share price higher over the medium term.”, we wrote last February.

Good drill results will likely continue to be reported and lead the share price higher.

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