



British Columbia Securities Commission

April 3, 2006

Mr. J.W. Merks
Matrim Consultants Limited
1357 Napier Place
Coquitlam, BC V3B 7A3

Dear Mr. Merks:


Thank you for your letter and comments regarding the use of geostatistics by public mining companies. Greg tells me you are a passionate advocate for the proper use of statistics in mineral resource estimation. As in any field of science, it is important that specialists in the field challenge the validity of accepted practices to ensure the underlying assumptions are indeed correct.

As you indicate in your letter, the securities law mandates that qualified persons prepare the scientific and technical information for public disclosure. This includes the preparation of mineral resources and mineral reserves. The qualified person must comply with the professional standards of competence and ethics as established by the professional association to which they must belong. In addition, a qualified person classifying a mineral deposit as a mineral or mineral reserve should follow the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines adopted by CIM on November 23, 2004. An important component of the Best Practice Guidelines is the Mineral Resource Model Validation. This requires visual inspection of interpolated results and their comparison with the composited data to check for bias.

The mining technical disclosure rules require a company to name the qualified person that prepares the scientific and technical disclosure for public disclosure. Companies generally must file a technical report with the Securities Commission that supports the disclosure. As a regulator, we review companies for their compliance with these requirements. However, we rely on the professional associations to maintain discipline of their members to follow professional standards. We also rely on associations such as CIM to establish industry best practices. We will however monitor disclosure practices of the mining industry and respond to any reports of systematic bias in their disclosure.

Thank you for expressing your concerns.

Yours truly,



Douglas M. Hyndman
Chair

cc: Greg Gosson
Chief Mining Advisor
British Columbia Securities Commission