



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

Phone: 416-593-8151
Fax: 416-593-8177
Email: dmccombe@osc.gov.on.ca

July 26, 2005

Mr. J.W. Merks
President
Matrix Consultants Limited
1357 Napier Place
Coquitlam, B.C.
V3B 7A3

Dear Mr. Merks;

Thank you for your letter to David Brown dated June 21, 2005, in which you expressed your opinions on the use of geostatistics and the applicability of variance analysis when examining gold assays from an appropriate number of representative drill core samples from a deposit.

Since the implementation of National Instrument 43-101, on February 1, 2001, we require a qualified person to be involved in the preparation or supervision of the scientific and technical work on a mineral project and in the review of the results of the work disclosed to the public. It is the responsibility of the qualified person to determine the most appropriate method to carry out their work on a mineral project and carry it out in a professional manner and to industry best practice standards. The Ontario Securities Commission does not mandate the industry standards that professionals must follow. We rely on the professionals in the mining industry to set these standards.

The qualified person must be a member of a professional association with professional standards and a code of ethics in addition to the requirements to have the appropriate education and practical experience relevant to the subject matter of the mineral project. We believe that membership in a professional association adds another level of oversight, as the qualified person will be judged by his/her peers, and increases the credibility of the disclosure to the marketplace.

We appreciate your interest and comments about mining issues.

Sincerely

Deborah McCombe, P. Geo.
Chief Mining Consultant

cc: Susan Wolburgh Jenah
Acting-Chair