

November 21, 2005

Mr David Wilson, Chairman
Ontario Securities Commission
20 Queen Street West, Suite 1903
Toronto, ON M5H 3S8

Dear Mr Wilson,

Geostatistics converted Bre-X's bogus grades and Busang's barren rock into a massive phantom gold resource. Dr A J Sinclair, PEng, PGeo, a Professor Emeritus and CIM's most dedicated enforcer of geostatistics, approved *National Instrument 43-110* but does not comprehend why each distance-weighted average-cum-kriged estimate has its own variance. Sinclair prefers private discussions and rejects public debates. Sinclair's efforts to sanction this crusader against junk science are posted on my website under *Documents/ Correspondence/APEGBC*. One would not expect OSC's Chairman to comprehend what the differences between geostatistics and mathematical statistics are all about. However, I did expect Mr John Drury, PEng, OSC's mining expert in pre- and post-Bre-X periods, to grasp why geostatistics is a fundamentally flawed variant of mathematical statistics. I even tried to enlighten him while Bre-X was drilling and crushed core samples were salted but to no avail. Our exchange is posted under *Documents/ Correspondence/OSC*.

Felderhof's trial offers a unique opportunity to study under cross-examination how geostatistical software converted bogus grades and barren rock into phantom ounces so smoothly. Yet, your Chief Mining Consultant appears unaware that assuming spatial dependence between boreholes does not assure continuity of mineralization during mining. Unsurprisingly not only because *National Instrument 43-110* does not describe how to verify spatial dependence but also because the Canadian Councils of Professional engineers and of Professional Geoscientists are not at all disturbed by the junk science of interpolation without justification.

I am posting a software module entitled *Sampling and Statistics Explained*. Next year, ten years after unraveling the salting scam at Busang without leaving my office, I want to publish *Behind Bre-X; The Whistleblower's Story*. I look forward to the opportunity to incorporate your course of action in my work

Yours truly,

J W Merks
President