413 Granville St.,

June 20, 1953.

Toronto Stock Exchange,
234 Bay Street,
Toronto, Ontario.

Attention: Mr. Somerville

Dear Sirs;-

Mr. A. M. Ham, manager of the Western Exploration Co. Ltd., has requested me to write to you explaining my method of figuring ore reserves in the Company's mines and in general explaining local conditions, with the hope that you might reconsider the Company's application for listing their stock on the Toronto Exchange.

A letter from Faskin, Robertson, Aitchison, Pickup & Calvin, Excelsior Life Building, Toronto, Dated May 4, 1953, states that your Mr. Somerville "believes that the history of the Slocan district is bad, that the ore is 'pockety' and that it is dangerous to draw general conclusions as to the existence of ore not definitely blocked out. Also, we feel that if your engineer would give his opinion and his reasons for it, and if the probability of ore is reasonably assured the application might be accepted."

It is true that in the Slocan the ore is often pockety, and this applies in greater or lesser degree to the three mines of the Western Exploration Co. Ltd., although some of the pockets are of considerable size. It is also true, as Mr. Ham has stated, that the ground is generally bad in the Standard and Buffalo-Mammoth mines, and that it is not economical to carry development very far ahead of extraction on account of the deterioration of the timber and the necessity of extensive repairs if too much ground is opened up.

In the Standard mine there are a large number of ore-shoots occurring in a wide lode, many of which have now been worked out and show dimensions up to three or four hundred feet long, by two hundred or more feet deep and twenty to thirty feet wide.

In the Buffalo-Mammoth mine there is one main ore-shoot from the Mammoth outcrop down to where it is joined by the Buffalo vein, and beyond, in which ore was practically continuous for fourteen hundred feet on the dip and is still going strong on the lowest level, No. 9. There are also a number of smaller ore-shoots along the strike of the vein.

In the Enterprise mine there are three somewhat irregular ore-shoots having maximum dimensions of six hundred feet long by seven hundred feet depth.

In my figuring of ore reserves "Positive Ore" is typically developed on four sides, which seldom occurs here, and where conditions are favorable ore developed on three sides is called "Positive" in part and "Probable" in part.

"Probable" ore is typically developed on two or three sides, according to conditions. For instance, in the Buffalo-Mammoth 18,250 tons of "Possible"ore were estimated below #7 level from diamond drill holes in 1947. In October 31st, 1950, some development work was done in #8 level and the reserve was increased to 25,550 tons of "Probable" ore. After mining for 25 months the ore reserves remaining were estimated at 30,044 tons.

"Possible" ore is, typically, ore that is exposed on one side only, as, for instance, ore exposed on the bottom level of the mine, or ore exposed in the floor of a level but not on the level below it. In such cases the downward extension of the ore is not figured for more than fifty feet, maximum, or less than that depending on local conditions.

Under the methods of estimation outlined above I am convinced that you would be perfectly safe in taking both "Positive" and "Probable" ore as being "Reasonably Assured", and at least 50% of "Possible" ore as being, on the average, fully expected.

The following table shows the estimates of ore reserves from October 31, 1947 to May 1, 1953, and the average for those years. There is a slight decrease in the estimate for 1953 as development was somewhat short while metal prices were decreasing in the fall of 1952.

ORE RESERVE ESTIMATES - 1947 to 1953.

	TONS					
Date	Positive	Probable	Positive & Probable Total	Possible	Grand Total	
Oct. 31, 1947	13,535	11,677	25,212	42,662	67,874	(a)
Oct. 31, 1948	6,200	5,850	12,050	34,875	46,925	(a)
Oct. 31, 1949	5,540	14,547	20,087	33,775	53,862	(a) & (b)
Oct. 31, 1950	3,555	31,046	34,601	18,550	53,151	(c)
May 1, 1951	10,466	22,952	33,418	37,737	71,155	
May 1, 1952	19,705	19,154	38,859	20,055	58,914	
May 1, 1953	13,902	17,525	31,427	17,892	49,319	
Averages	10,415	17,536	27,951	29,363	57,314	

(a) Mammoth ore by drill holes included as "Possible"

(B) "Possible" Standard ore dropped on account of falling metal prices, 10,000 tons.

(c) Mammoth ore by development included as "Probable".

From October 31, 1947, to May 1, 1953, an average of 21,015 tons of ore were milled per year. No ore has been milled since November 30, 1952. Note that there has been no essential decrease in reserves of Positive plus Probable ore during the above period. During the war years there was a gradual decrease in ore reserves but the average was about the same as during the above period.

In regard to the history of the area, I have no statistics at hand, but many mines of the district paid substantial dividends, as for instance the Standard Silver-Lead Mines Ltd., the Silversmith, Slocan Star, Richmond Eureka, Lucky Jim and numerous others including Violamac which is presently operating. I believe that some of the more recent failures, which have given the district a bad reputation, have been due to a lack of experience in the idiosyncrasies of Slocan orebodies and the soft unstable ground in which they occur.

Development of the Monarch section of the Mammoth property is now progressing about ten feet per day and we have, within the last few days, begun to find considerable lead and zinc with good silver in the vein - the first indications of ore for over a thousand feet - and we have not yet reached the most favorable area as indicated by our geological work.

I trust that the foregoing statements as to the occurrence of the orebodies in the Slocan, the unstable ground in which they occur and the history of the mines which I have mentioned, in the district, will dispel your expressed fears regarding the future of the Western Exploration Company Limited.

Yours very truly,

Chas. C. Starr

Charles C. Starr, P. Eng.

Copy to Faskin, Robertson,
Aitchison, Pickup & Calvin.

Tonnages Milled - 1940 - 1953.

TONS

PERIOD ENDING.	STANDARD	ENTERPRISE	MAMMOTH	BUFFALO MAMMOTH.	LAKE TAILINGS	DUMPS.	TOTAL.
Nov. 30/40	-	-	-		11767		11767
Nov. 30/41							74243
Nov. 30/42							72537
Nov. 30/43							48029
Nov. 30/44							38749
Nov. 30/45							19976
Nov. 30/46							2338
Oct. 31/47	575	3828					4403
Oct. 31/48	12,441	7,193					19634
Oct. 31/49	7,078	4,856					11934
Oct. 31/50	4,310	6,437				109,480 / 17274	10747
Apr. 30/51	1,362	3,248		4,255		92,206	8863
Apr. 30/52	~~21,417~~ 4,143	5,777		10,549	2576	14698	~~38962~~ 37745
Apr. 30/53	3,511	3,638		9,005			16154

Mine ore Milled

From	To	Milled	Poss Prob	Possbl
Nov 30/39	Nov 30/40	Lake Tailp		
Nov 30/40	Nov 30/41	74243		
Nov 30/41	Nov 30/42	72537	(42) 56285	
Nov 30/42	Nov 30/43	48029	(43) 37625	
Nov 30/43	Nov 30/44	38749	(44) 37175	5045
Nov 30/44	Nov 30/45	19976	(45)	
Nov 30/45	Nov 30/46	2338		
Nov 30/46	Oct 31/47	4403	(47) 25212	42662
Oct 31/47	Oct 31/48	19634	(48)	
Oct 31/48	Oct 31/49	11934	(49) 20087	15525
Oct 31/49	Oct 31/50	10747	(50) 34601	18550
Oct 31/50	Apr 30/51	8863	(51) 33418	37737
Apr 30/51	Apr 30/52	? 20469	? (52) 38859	20055
Apr 30/52	Apr 30/53	16154	(53) 31427	17892

Ore Reserves — Tons

			Positive	Probable	Possible	Total		Probable	Prob + Poss
Dec 1	Mammoth	1942	28960 { 25860	19045		44905 ✓	56285 ✓	27325 ✓	56285 ✓
Dec 1	Standard	1942	3100	8280		11380 ✓			
Dec 1	Mammoth	1943	20170 { 18220	10130		28350 ✓	37625 ✓	17455 ✓	30625 ✓
Dec 1	Standard	1943	1950	7325		9275 ✓			
Dec 1	Mammoth	1944	7910 { 7910	1665	5045	14620 ✓	42220 ✓	29265 ✓	37175 ✓
Dec 1 D D H	Mammoth	1944		18250		18250 ✓			
Dec 1	Standard	1944		4850		4850 ✓			
Dec 1	Enterprise	1944		4500		4500 ✓			
Dec 1	Standard	1945	1560 { 1560	2980	18870	23410 ✓			
								3 { 13 1085 ✓	
								= 43695 ✓ avg Post + Prob	
Oct 31	Mammoth	D.D 1947			18250 } 4/6	18250 }			
Oct 31	Standard	1947	13535 { 4469	5648 } 11/12	7795 } 6/12	17912 ✓	67874 ✓	11677 ✓	25212 ✓
Oct 31	Enterprise	1947	9066	6029	16617	31712			
	Mammoth D D H	1948			(18250				
	Standard	1948	6200 {	5850	6325	146925	46925	5850	12050 } 1948 Estimate guessed — No official estimate
	Enterprise	1948			10300				
					34875				
Sept 1	Mammoth	1949	DD		18250	18250			
Sept 1	Standard	1949	5540 { 2540	5460	5365	13365 ✓	53862 ✓	14547 ✓	20087 ✓
Sept 1	Enterprise	1949	3000	9087	10160	22247 ✓			
				14547	33775				
Oct 31	Mammoth	1950		25552		25552 ✓	53,151 ✓	31046 ✓	34601 ✓
Oct 31	Enterprise	1950	3555 { 3495	2654	11147	17296 ✓			
Oct 31	Standard	1950	60	2840	7403*	10303 ✓			
May 1	Mammoth	1951	10466 { 6000	20000	16030	42030 ✓	71155 ✓	22952	33418 ✓
"	Standard	1951	1460	1540	11875*	14875 ✓			
"	Enterprise	1951	3006	1412	9832	14250 ✓			
May 1	Mammoth	1952	19705 { 16000	13451	6311	35762 ✓	58914 ✓	19154 ✓	38859 ✓
"	Standard	1952	660	3919	5259	9838 ✓			
"	Enterprise	1952	3045	1784	8485	13314 ✓			
May 1	Mammoth	1953	13902 { 11000	12334	6710	30044 ✓	49319 ✓	17525 ✓	31427 ✓
"	Standard	1953	924	1704	3090	5718 ✓			
"	Enterprise	1953	1978	3487	5092	13557 ✓			
		all	125303 ✓	6)	152,421 ✓			6)	83,604 ✓
	6)	1949-53	66,703 ✓		25403				30,600 avg Post. Prob
		avg Pos	11,117		avg Pos				

"*": 9900 Tons L3 to L4 dropped

No. 246 Graph Paper. Clarke & Stuart Co. Ltd., Vancouver, B.C.