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CANNON-HICKS ASSOCIATES LTD.

D. M. CANNON, P.Eng. (Geological)
H. BRODIE HICKS, P.Eng. (Mining)
M. GUIGUET, Geologist

STE. 713 - 744 WEST HASTINGS STREET, VANCOUVER 1, B.C.

TELEPHONE: 685-0181

19th March, 1971.

Dusty Mac Mines Ltd. N.P.L.,
1710-1177 W.Hastings St.,
VANCOUVER.

Attention : Mr. C.Jonsson.

Dear Carl:

Thank you for your letter of March 18 with the enclosed cheque. With respect to your various comments concerning our account, this will be reviewed with our accountant early next week and I will then be advising you concerning the various charges.

Turning to your comments with respect to the Feasibility Report, I could comment as follows:

Ore Reserves:

There has not been any change in the overall ore reserves. However, in considering the best method of open pit mining the deposit, it became apparent that optimum costs could be achieved by attacking the ore bodies by means of three small open pits. This method leaves a certain tonnage of reserves in areas between open pits, and on the basis of present information, these additional tonnages could only be mined by breaking an inordinate amount of waste. In other words, by reducing the tonnage we believe we have increased the profit per ton on the remaining quantity. It is possible as mining proceeds, that we will find leads from the pits into those other areas which will then of course be mined.

With respect to the categorization of the reserves as "probable", I would draw to your attention that the standards for "proven" ore is that it be developed on four sides. This is obviously not the case here and no reputable engineer would rate the reserves in a category higher than we have done. In our opinion, there is no question that the deposit is sufficiently well proven to warrant the necessary expenditures for placing it into production.

19th March, 1971.

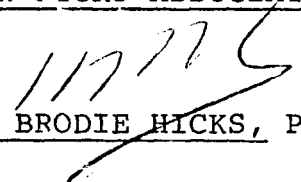
Cash Flow:

We are not in agreement with your suggestion that the profit potential is very close to marginal. We would draw to your attention that the discounted cash flow on page 2 is exactly that. The profit per ton has been estimated at \$6.78 and therefore the actual cash received for the 55,350 tons will be of the order of \$375,000. The pre-production capital is for the most part made up of advances which will be recovered at the end of the project. It would appear that if our estimates are correct, the company should wind up the productive period with approximately \$300,000 in its treasury.

You will have received a copy of our letter of yesterday's date to Cominco, and we assume that you wish us to continue to follow up this situation.

Yours very truly,

CANNON-HICKS ASSOCIATES LTD.


H. BRODIE HICKS, P.ENG.

HBH:mdc.

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STE. 713 - 744 WEST HASTINGS STREET, VANCOUVER 1, B.C.

TELEPHONE: 685-018

18th March, 1971.

Mr. W.G. Siddall,
Administrative Asst.,
Cominco Ltd.,
TRAIL, B.C.

Dear Mr. Siddall:

Re: DUSTY MAC MINES LTD.

Further to your letter to me of February 16, 1971, I am pleased to be able to advise that we have completed our Feasibility Study of the above property, and are able to confirm that we will be able to supply material of the grade mentioned in my letter of January 22, namely: 80.4% Silica, 5.9% Alumina, 1.8% Iron, 0.23 ounces per ton gold and 5 ounces per ton silver.

The Directors of the company are anxious to make plans for production at as early a date as possible, hence we would again request your early consideration of a possible contract for delivery of the ore.

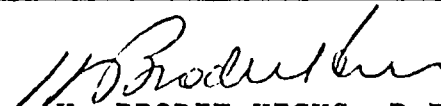
In your letter of February 16, you mention that a decision would probably be made within a month or six weeks, and we are therefore hopeful that we may hear from you at an early date.

Our ore reserve estimate is approximately 55,000 tons with good possibilities of adding to this as mining progresses. We are therefore in a position to supply substantial quantities of material and as a minimum would like you to consider the acceptance of 1500 tons per month.

With kind personal regards,

Yours very truly,

CANNON-HICKS ASSOCIATES LTD.


H. BRODIE HICKS, P.ENG.

HBH:mdc.

cc:Dusty Mac Mining Co.