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**SKYLARK-RANGER RESOURCES INC.**  
203 - 920 HILLSIDE AVENUE  
VICTORIA, B.C.  
V8T 1Z8

Telephone: 250-386-1715  
Facsimile: 250-386-1504

June 19,2000

Ms. Joan Hesketh  
Assistant Deputy Minister  
Energy and Minerals Division  
Ministry of Energy and Mines  
PO Box 9320 Stn Prov Govt  
5th Floor, 1810 Blanshard Street  
Victoria, B.C. V8W 9N3

Dear Ms. Hesketh:

**Re: BEDWELL, YOU 1-8, SHARON MAE, SHARON MAE 1-3**  
**Expropriated Mineral Claims, Strathcona Park,**  
**Alberni Mining Division, British Columbia**

Further to the Framework Dispute Resolution Agreement with respect to the foregoing mineral claims, which was executed by Thomas E. Kirk, president of Skylark-Ranger Resources Inc. on April 13, 2000, the following is intended as the affidavit required pursuant to Schedule B, section 2(1). A number of supporting documents are included with this submission as Appendices 1-10.

**Expropriated Mineral Tenures**

The following mineral tenures were expropriated by the Province of British Columbia by way of Order-in-Council 649-90 on April 19,1990.

<u>Claim Name</u>	<u>Record No.</u>	<u>Units</u>	<u>Location Date</u>	<u>Record Date</u>	<u>Recorded Work</u>
BEDWELL	200578	20	Aug.6,1987	Aug.21,1987	Aug.21,1990
YOU 1	200579	1	Aug.5,1987	Aug.21,1987	Aug.21,1990
YOU 2	200580	1	Aug.5,1987	Aug.21,1987	Aug.21,1990
YOU 3	200581	1	Aug.5,1987	Aug.21,1987	Aug.21,1990
YOU 4	200582	1	Aug.5,1987	Aug.21,1987	Aug.21,1990
YOU 5	200583	1	Aug.5,1987	Aug.21,1987	Aug.21,1990
YOU 6	200584	1	Aug.5,1987	Aug.21,1987	Aug.21,1990
YOU 7	200585	1	Aug.6,1987	Aug.21,1987	Aug.21,1990
YOU 8	200586	1	Aug.6,1987	Aug.21,1987	Aug.21,1990
SHARON MAE	200595	1	Sept.21,1987	Oct.8,1987	Oct.8,1990
SHARON MAE 1	200596	1	Sept.21,1987	Oct.8,1987	Oct.8,1990
SHARON MAE 3	200597	1	Sept.21,1987	Oct.8,1987	Oct.8,1990
SHARON MAE 3	200598	1	Sept.21,1987	Oct.8,1987	Oct.8,1990

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The listed claims were protected by a Time Extension Order issued by the Minister of Energy, Mines and Petroleum Resources dated September 17, 1990, nearly five months after the effective date of expropriation.

The foregoing claims were located on behalf of Kilo Gold Mines Ltd. following the exclusion of the Bedwell River drainage from the southern part of Strathcona Park in 1987. All rights and obligations pertaining to these and other claims in the Alberni Mining Division were purchased by Skylark-Ranger Resources Inc. by way of an agreement with Kilo Gold Mines Ltd. dated February 23, 1996.

### **Location and Access**

The expropriated mineral claims are situated in the upper Bedwell River area on the west coast of Vancouver island some 40 km northeast of Tofino. The approximate geographic centre of the claims is at longitude 49 27' North and latitude 125 35' West in NTS map-area 92F/5E (Appendix 1).

Initial access into this area (prior to 1940) was by 20 km of road and trail from the head of Bedwell Sound on the coast and by a more circuitous route involving a network of trails from the western end of Great Central Lake. Access to the claims area between 1985 and 1987 was by helicopter from Tofino airport.

### **Background to Skylark-Ranger Involvement in the Expropriated Mineral Tenures**

Thomas E. Kirk is president and chief executive officer of Skylark-Ranger Resources Inc., the registered owner of the BEDWELL, YOU 1-8, SHARON MAE and SHARON MAE 1-3 mineral claims. Over the past 20 years, he has also served as president of French Creek Placers Ltd. (a private company) and Kilo Gold Mines Ltd., a publicly trading company.

Mr. Kirk has had a long and continuing interest in the mineral resources of Vancouver Island and was well aware of the mineral potential of the southern part of Strathcona Park, including the Bedwell River area.

Initial prospecting and claim staking in the Bedwell area took place in the early 1900's. Following the creation of Strathcona Park in 1911, mining-related activities were permitted between 1918 and 1973 when a Provincial government moratorium was placed on claim staking and mineral exploration in all provincial parks. Park Use Permits, allowing work on existing mineral tenures, could be issued only at the discretion of the Minister responsible. Very few such permits were issued for mineral claims in Strathcona or other provincial parks.

Earliest prospecting in the Bedwell River area was directed to the search for gold. The most intense period of exploration was in the 1930's in response to a significant increase in the price of gold; this continued until the onset of World War II when manpower and supply shortages curtailed these activities.

Dramatic increases in the price of gold in the mid to late 1970's refocused attention on prospective areas for gold on Vancouver Island. While the Bedwell River area was an obvious area of interest, the 1973 moratorium on staking and exploration within Strathcona Park essentially placed this area out of bounds.

An exception was the YOU property consisting of four Crown granted mineral claims. A Park Use Permit (No. 1022) for this property had been issued by Order-in-Council 3828, dated December 24, 1974 (Appendix 2), and had been renewed annually by the owners. Not only did the YOU property include a persistent gold-bearing vein structure with documented good grades, it was also possible to undertake further exploratory work, notwithstanding the fact that it was located in Strathcona Park.

Consequently, Mr. Kirk contacted the owners of the YOU Crown granted claims regarding the property in the early 1980's and in May of 1984 negotiated a memorandum of agreement on behalf of French Creek Placers Ltd., a private company in which he held a controlling interest. This agreement was assigned to Kilo Gold Mines Ltd. in November of 1984 in exchange for shares. Terms of the agreement, which was subsequently modified, specified cash payments totaling \$770,000 over a ten year period plus aggregate work commitments of \$1 million.

As detailed in the subsequent section, the acquisition of the YOU property, coupled with subsequent investigative work, provided the impetus for the staking of contiguous mineral claims (BEDWELL, YOU 1-8, SHARON MAE and SHARON MAE 1-3) when it became possible to do so following the exclusion of the Bedwell River area from Strathcona Park in 1987.

As noted previously, all rights and obligations to these mineral claims were acquired from Kilo Gold Mines Ltd. by Skylark-Ranger Resources Inc. by way of a purchase agreement dated February 23, 1996.

#### **Review of 1984 - 1987 Work Programs and Related Activities**

Kilo Gold Mines Ltd. completed a public financing in mid-1985 with part of the proceeds used to undertake an independently recommended exploratory program on the YOU Crown granted mineral claims.

Gold mineralization on the YOU property (BC MInfile No. 92F062) was discovered in 1912 and four of the original claims (EX, TEN, YOU, EIGHT) were taken to Crown grant status in 1921 as Lots 1644-1647 (Appendix 1).

The geological setting and style of gold mineralization on the YOU property is typical of a number of other known deposits in the Bedwell River - Drinkwater Creek area. All are within, or marginal to, the Bedwell granitic batholith and consist of northeast and northwest-striking shear zones occupied by quartz (carbonate) - sulphide veins ranging in width from a few centimetres to more than 2 metres. Eight of the known vein structures in this area have yielded at least some production which totals 311000 grams gold and 227000 grams silver. Recovered gold grade was slightly less than 20 g/t. The Musketeer and Buccaneer mines, which are 8 km west of the YOU property, accounted for 75% of the total production from operations in the early 1940's.

The principal gold-bearing quartz vein on the YOU property occupies an east-northeast, subvertical shear zone in granitic rocks near the eastern margin of the Jurassic Bedwell batholith. The vein, which follows and locally replaces a younger andesite dyke within the same shear zone, is intermittently exposed over a strike length of 1250 metres and a vertical range of 660 metres beginning in the central part of the YOU claim (Lot 1646) and extending to within 100 metres of the property east boundary.

Early work on the property (prior to 1933) included 105 metres of underground drifting on the vein, mainly in one adit level collared near the apparent southwestern limits of the structure. A second adit level was faced up 33 metres vertically below the main level. Minor stoping was undertaken on the main level and a rudimentary 10 tons per day mill was erected. Detailed surface and underground sampling of the vein structure by a number of qualified individuals in the late 1930's, early 1940's, 1960's and early 1980's indicated good gold values over narrow widths but appreciable strike lengths. For example, detailed sampling of the entire length of drift adit (103 metres) returned a weighted average grade of 42.82 grams/tonne gold over an average 0.25 metre width. Coupled with surface sampling, two shoots of higher grade material within the plane of the vein were identified, each of these have strike lengths of 85 metres, diluted widths of 0.46 metres and weighted average grades of between 29.46 g/t and 31.20 g/t gold. The vertical range of these higher grade shoots is unknown.

Prior to the inception of Kilo Gold Mines Ltd.'s 1985 exploration program, Mr. Kirk's research of records of past work on the YOU property strongly suggested that additional claims adjacent to the existing four Crown grants would enhance the property potential. At various times prior to 1940, the property had consisted of 10 or so recorded claims surrounding the four Crown granted claims, apparently to cover other prospective areas. These included the strike extension of the main vein structure to the northeast plus possible parallel structures. Various technical reports, prepared over a number of years, had also recommended the acquisition of additional claims contiguous with the four Crown grants.

While the prospect of acquiring additional ground was a remote possibility in 1985 in light of the existing moratorium, Mr. Kirk nevertheless corresponded with the then Ministers of Lands, Parks and Housing and Energy Mines and Petroleum Resources to request that in view of Kilo's upcoming exploration program on the YOU property, the company be given the first opportunity to acquire adjacent property in the event the moratorium was lifted (Appendix 3).

The ensuing work program, conducted by Trigg, Woollet, Olson Consulting Ltd. (Appendix 4) between September and November of 1985, consisted of soil and stream sediment geochemistry, limited geophysics, bedrock sampling, prospecting and geological mapping. Sampling of the main adit level generally confirmed earlier results; the weighted average of samples collected from eight previously sampled sites was 78.64 g/t gold over an average sample width of 0.40 metre. Prospecting identified the presence of two narrow gold-bearing veins 200 metres northwest of the main vein. These two vein exposures, 60 metres apart and within 100 metres of the property north boundary, were considered to be part of an east-northeast structure parallel to the main vein. Surface sampling of these two vein exposures returned grades of between 0.70 and 103.72 g/t gold across average vein widths of 0.10 metre.

Soil sampling, at 20 metres intervals along 50 metres spaced northwest crosslines, included 70 samples with values in excess of 200 ppb gold. One-half of these strongly anomalous samples were collected within 40 metres of the two known vein structures. Significantly, the remainder were contained in three areas measuring 100 x 50 metres, 200 x 80 metres and 250 x 100 metres, all situated marginal to the south boundaries of Lots 1644 and 1645. Anomalous gold values within these three areas which ranged from 100 to 3800 ppb, may be indicative of additional gold-bearing vein structures. Further confirmation of the prospective nature of the ground bordering the property south boundary was indicated by two consecutive stream sediment samples collected from You Creek immediately south of Lot 1646 which returned values of 460 and 1300 ppb gold.

The potential for other parallel veins south of the main structure was also referred to in previous reports which included references to a "strong shear" south of the main vein.

In summary, the 1985 program confirmed good gold grades within a narrow but persistent and reasonably well defined main quartz vein, identified one parallel vein structure and indicated good potential adjacent to the property boundaries for the continuation of the main vein along strike to the northeast plus the possibility of parallel, gold-bearing zones to the south.

Based on these results, further exploratory work was recommended by both Trigg, Woollett, Olson Consultants Ltd. and N.C. Carter, Ph.D., P.Eng. Trigg, Woollett, Olson recommended additional surface work at an estimated cost of \$70,000; Carter's recommended \$119,500 program included 600 metres of diamond drilling to test the main vein to depth.

In 1986, other parties were contacted regarding possible participation in the YOU property. Because of the limited property size, there was little interest.

The same year, The Wilderness Advisory Committee, appointed by the Minister of Environment in late 1985, issued a report recommending boundary changes for a number of Provincial Parks including Strathcona. In early 1987, the Minister adopted the recommendations of the Committee and, in the case of Strathcona Park, proposed to remove the Bedwell River area from park status. The adjacent area, between the southern end of Buttle Lake and Drinkwater Creek - Big Interior Mountain, was to be reclassified as a Recreation Area.

These announcements offered the prospect of obtaining much needed ground contiguous with the YOU Crown grants. Mr. Kirk contacted the Ministers of Energy Mines and Petroleum Resources and Environment and Parks reiterating the company's interest in acquiring additional claims either by way of the existing Park Use Permit or at such time the Bedwell River area officially came open for staking (Appendix 5). A response from the Minister of Energy Mines and Petroleum Resources in late April (Appendix 5) referred to an Order-in-Council amending the park boundaries and advising that when the no-staking reserve was canceled, claim staking in the Bedwell area would be permitted. A similar response was received from the Minister of Environment and Parks.

In early May, the writer received a letter from Parks Branch Resource Services, South Coast Region (Appendix 6) to the effect that since the YOU claims were situated in an area (Bedwell River) that was no longer part of Strathcona Park, the existing Park Use Permit (No. 1022) would no longer be required and that the file pertaining to same would be closed. A notice from the Director of Mineral Titles, Ministry of Energy Mines and Petroleum Resources (Appendix 6) advised that rights to the YOU Crown granted claims could now be exercised subject to the provisions of the Mineral Act.

The no-staking reserve covering the Bedwell River area was canceled August 6, 1987 and the BEDWELL and YOU 1-8 mineral claims were located on that date. The SHARON MAE and SHARON MAE 1-3 mineral claims were located September 21.

#### **Rationale for Staking BEDWELL, YOU 1-8, SHARON MAE, SHARON MAE 1-3 Mineral Claims**

As noted previously, the advantage of having additional ground to explore in the area of the YOU Crown grants had been well recognized by Mr. Kirk following a review of records of previous work.

A number of previous reports had referred to the merits of acquiring additional ground in order to enhance the merits of the YOU property, most notably the report of Ridgeway W. Wilson & Associates prepared in 1944 (Appendix 7). This report cited the necessity of staking additional ground contiguous with the Crown grants to cover the northeast strike extension of the main vein, possible parallel structures and a potential millsite near the confluence of You Creek with Bedwell River.

In this context, historic sketch maps of the YOU property showed a number of staked claims surrounding the Crown grants and extending northeasterly to existing claims on Big Interior Mountain. A block of four claims immediately north of the Bedwell River - You Creek junction was ostensibly located to cover some indication of mineralization in this particular area.

Wilson's 1944 report also stressed the importance of locating additional reserves to defray the estimated capital costs in developing the YOU property. While Wilson was of the opinion that additional reserves could be identified within the main vein structure, he also recommended the acquisition of two nearby properties, the *Casino* and *Black Pick* prospects, to augment the reserve base.

Wilson refers to the *Black Pick* prospect, situated east of the YOU property near the headwaters of You Creek (Appendix 1), as having "considerable ore indicated by outcrop" (page 1) and "an outstanding natural exposure of narrow, high-grade ore and could easily triple the amount of ore going to a central mill" (page 17).

A more detailed description of the prospect is contained in a 1939 report on the Arnold, Horrie and Smith claims by Syd Davis (Appendix 8). These are described as being on the west side of Bear Pass southwest of Della Lake and between elevations of 900 and 1200 metres a.s.l. This block of eight claims undoubtedly included the Black Pick showings referred to by Wilson.

(The location of the Black Pick mineralized zone has been determined reasonably precisely by the position shown on Wilson's "Regional; Geology" sketch (Appendix 7) and by Davis' description of the topographic elevations and reference to the fact that "the Granodierite batholith outcrops everywhere" (page 2). From Sargent's (Supplementary Report on the Bedwell River Area, Vancouver Island, British Columbia, BCDM Bulletin No.13.1941) position of the eastern contact of the batholith in the upper reaches of You Creek, the location of the zone would be along the boundary between the present SHARON MAE 2 and 3 claims as indicated on Appendix 1.)

Davis described a quartz-sulphide vein occupying a shear zone along the footwall of an east-northeast striking, steeply north-dipping, feldspar porphyry dyke. Davis noted that the quartz-filled fissure, with widths of between 5 and 23 cm, could be traced along a steeply incised gulch over a strike length of 150 metres. Ultimate strike length beneath overburden cover was unknown. Weighted average grade of 10 channel samples over a 37 metres strike length in the central part of the exposed zone was 53.69 g/t gold over an average sample width of 0.15 metre. A channel sample collected 38 metres east of the central exposure returned 7.20 g/t gold over a sample width of 0.15 metre; a grab sample of the vein material collected a similar distance west of the central exposed area assayed 37.71 g/t gold.

Davis was of the opinion that a significant portion of the exposed vein could be extracted by surface mining methods.

The *Casino* prospect is situated on the northwest slope of Big Interior Mountain in the northeastern part of the BEDWELL claim (Appendix 1). The most comprehensive description of this prospect is that of Sargent (Preliminary Report on the Bedwell River Area, Vancouver Island, British Columbia, BCDM Bulletin No.8, 1940, p.60-64) which refers to four principal zones of vein mineralization between elevations of 975 and 1450 metres a.s.l.

Better grades of mineralization are evident at elevations of 975 and 1300 metres where quartz-sulphide mineralization is exposed in a number of surface cuts. At both localities, the structure strikes northwesterly and dips moderately to the northeast. Three samples from the lower zone, which was exposed over 10 metres of strike length, averaged 29.83 g/t over an average sample width of 0.25 metres. Two samples collected from the upper zone, exposed over a 120 metres strike length, returned average grades of 103.78 g/t over a 0.20 metre width.

The staking program undertaken in 1987 achieved the following objectives:

(a) The BEDWELL claim covered the potential northeast strike extension of the main vein on the YOU Crown granted mineral claims and possible parallel vein structures north and south of the Crown grants as indicated by soil geochemical surveys, most particularly the anomalous area along the southern boundary of Lot 1644. Also included within the area of the BEDWELL claim is the previously identified potential millsite area at the confluence of You Creek and Bedwell River, possible vein structures parallel to Bedwell River and the relatively unexplored, high-grade Casino gold prospect.

(b) The YOU 1-8 mineral claims along You Creek, contiguous with, and east of the YOU Crown grants, were located to cover areas of anomalous soil geochemistry near the south boundaries of YOU Crown grant Lots 1645 and 1646 plus the You Creek drainage containing the possible source area of the strongly anomalous gold values in stream sediments collected immediately south of the Crown grants.

(c) The SHARON MAE and SHARON MAE 1-3 claims were staked to include the previously identified high-grade Black Pick gold prospect.

Further efforts to assemble a highly prospective land package included an application for a Resource Use Permit in the adjacent Strathcona Recreation Area in order to conduct an examination of five recorded claims near Della Lake (Appendix 9). These claims, including the Black Bear, Glacier, Copper, Silver and Hemlock, owned by other parties, were attractive because of their location relative to the Company's recently acquired claims (Appendix 1). However, a subsequent examination of the claims in the Recreation Area suggested that their potential would be negatively impacted by their proximity to Della Falls, a prominent feature of southern Strathcona Park.

The fact that the BEDWELL, YOU 1-8, SHARON MAE and SHARON MAE 1-3 claims were located near the end of the traditional field season precluded any further work on these or the YOU Crown grants in 1987.

The establishment of the Strathcona Park Advisory Committee by the Minister of Environment and Parks in early 1988, which was in response to public protests concerning mineral exploration activity in the Strathcona Recreation Area, marked the beginning of the end for any mining related activities in the Bedwell River area. Among other things, the Advisory Committee recommended that the Bedwell area be reinstated as part of Strathcona Park and that

existing mineral claims within this area be denied park use exploration permits. Further work on the YOU Crown grants was also rendered impossible by the cancellation of the long-standing Park Use Permit by Parks Branch in 1987 following the brief exclusion of the Bedwell area from Strathcona Park. Consequently, the option agreement with respect to this property was allowed to expire in late 1988.

Cash-in-lieu payments were made to keep the 1987 recorded claims in good standing through 1990 when they were officially expropriated by the Province.

#### **Statement of Costs**

Costs incurred in conducting exploratory work and claim staking in the Bedwell River area between 1984 and 1990 are as detailed in the table included as Appendix 10. In summary, these are:

#### **BEDWELL, YOU 1-8, SHARON MAE and SHARON MAE 1-3 Mineral Claims**

Recording fees, cash-in-lieu payments	\$6,980.00
Staking costs - travel, fees	\$14,249.34
Total	\$21,229.34

#### **YOU Crown granted Mineral Claims**

Exploratory work, filing fees, etc.	\$109,963.54
Option payments	\$65,000.00
Total	\$174,963.54

As noted previously in this document, it was through the predecessor company's involvement in the YOU property that Mr. Kirk became aware of the potential of the surrounding area. The subject mineral claims were located to cover these areas following the exclusion of the Bedwell River area from Strathcona Park in 1987.

Accordingly, it is considered to be fair and reasonable that 50% of the total YOU costs (\$87,481.75) be included as part of the total costs incurred on the subject claims. It is worthy of note that this figure closely approximates the average of two independently recommended work programs for the YOU property, including the Trigg, Woollett, Olson Consulting Ltd. \$70,000 program and the N.C. Carter, Ph.D. P.Eng. program of \$119,500.

Total costs assigned to the subject claims up to the date of expropriation would be:

**\$108,711.09**

Note that the foregoing amount does not incorporate interest on capital invested nor is there any allowance for the demonstrated potential of the subject mineral claims.



## Conclusions

Mr. Kirk's objective, on behalf of various companies during the 1980's, was to assemble a prospective land package including a number of high quality gold prospects in the Bedwell River area. This was achieved in 1987 when the underexplored, high-grade Black Pick and Casino prospects were staked to augment the known gold resource on the YOU property.

Under normal circumstances, these mineral properties would have been of obvious attraction to the investing public, particularly during the mid- to late 1980's when mineral exploration activity on Vancouver Island was near record levels. Instead, the predecessor company and its investors suffered a serious loss of business opportunity.

Prepared on behalf of Skylark-Ranger Resources Inc. by:



N.C. Carter, Ph.D. P.Eng.

Submitted by:



Thomas E. Kirk  
President  
Skylark-Ranger Resources Inc.