

BEDWELL RIVER MINERAL CLAIMS - SKYLARK RANGER RESOURCES INC.**Mineral Property**

<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 1	200595	1	Sept.21,1987	Oct.8,1987	Oct.8,1990
SHARON MAE 2	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 4	200598	1	Sept.21,1987	Oct.8,1987	Oct.8,1990

Foregoing claims protected by a Time Extension Order issued by the Minister of Energy, Mines and Petroleum Resources September 17,1990.

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

Sequence of Events

Early 1980's - T. Kirk indicates interest in the YOU gold property in the Bedwell River area of southwestern Strathcona Park by way of contact with the Woodworth family who had owned the property since the discovery of gold mineralization in 1912. Four of the original claims, EX, TEN, YOU and EIGHT were taken to Crown grant status in 1921 as Lots 1644 to 1647 respectively. Exploratory work prior to 1933 was directed to a north-northeast-striking, subvertical gold-bearing quartz vein intermittently exposed on surface over a strike length in excess of 1250 metres and a vertical range of 660 metres. This early work included the driving of a 103 metre adit along the vein, the collaring of a second adit 33 metres vertically below the first and limited mining and milling. 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 YOU and a number of other mineral prospects in the Bedwell River and Drinkwater Creeks areas were situated within the boundaries of Strathcona Park. The Class B status of this park allowed for mining related activities until the reclassification of Strathcona and several other Class B parks in 1973. This action effectively imposed a moratorium on claim staking and exploration on virtually all of the mineral prospects in this area with the notable exception of the YOU property for which a Park Use Permit had been granted by Order-in-Council 3828 dated

December 4, 1974 "to explore for and develop minerals" on the four Crown granted mineral claims comprising the property.

1984 - A memorandum of agreement with respect to an option agreement was entered into by the Woodworth family and French Creek Placers Ltd., a private company in which Mr. Kirk was a principal on May 19, 1984. The agreement was subsequently assigned to Kilo Gold Mines Ltd. November 12 of the same year. Kilo Gold Mines Ltd. raised public funding for the purpose of carrying out exploratory work on properties in the Slocan area of B.C. and the YOU property on Vancouver Island.

1985 - An exploratory program of geological mapping, geochemical sampling, prospecting and rock sampling was undertaken on the YOU property by Trigg Woollett Olson Consulting on behalf of Kilo Gold Mines Ltd. between September 25 and November 9, 1985. This work essentially confirmed previous underground and surface sampling results on the main vein structure and was successful in identifying a second, parallel vein some 180 metres north. Soil geochemical sampling showed a concentration of anomalous gold values in proximity to the two vein structures and, importantly, indicated at least three 250 x 100 metre areas overlapping the southern property boundary which may be indicative of additional vein structures. A strongly anomalous stream sediment sample, collected from You Creek immediately south of the property boundary is indicative of a source upstream.

1986 - Kilo Gold Mines Ltd. obtained two independent proposals for additional exploratory work on the YOU property. While the property was attractive, it was becoming increasingly evident that the restricted property area and the surrounding no staking reserve presented problems. Previous investigators had recommended combining nearby properties with the YOU; this option was not available in 1986.

1987 - In view of speculation that the Bedwell River area might be opened up for mineral exploration, Mr. Kirk, on behalf of Kilo Gold Mines Ltd., expressed interest in obtaining additional claims by way of correspondence with the Minister of Energy Mines and Petroleum Resources and the Minister of Environment and Parks.

Following designation of the Bedwell River region as a Recreation Area, the subject mineral claims adjacent to the YOU property were staked in August and September.

Any work on the newly staked claims was subject to securing a Resource Use Permit; because official park status had been rescinded, Mr. Kirk was encouraged to surrender the Park Use Permit for the YOU property.

1988 - following public outcry during the drilling program on the Cream Silver property in early 1988, a subsequent public inquiry recommended returning Bedwell River area to Starhcona Park, making it impossible to conduct mineral exploration on the newly acquired claims. These were maintained in good standing through 1990 by cash-in lieu payments. YOU property option agreement terminated.

1990 - Mineral claims exempted from assessment work obligations by order of the Minister and were expropriated by the Province by Order-in-Council on April 19.

1995 - Thomas Kirk purchases Slocan area and Vancouver Island mineral properties from Kilo Gold Mines Ltd. on behalf of Skylark Ranger Resources Inc.

Costs Incurred

Bedwell, You 1-8, Sharon Mae 1-4

Recording fees, cash-in-lieu payments	\$4,180.00
Staking costs - travel, fees	\$17,049.34
Total	\$21,229.34

YOU Property

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

It can be argued that by involvement in the YOU property, the company became aware of other prospective areas in the immediate area of the property; when possible, these areas were staked. Consequently, 50% of the total YOU costs (\$87,481.75) could be reasonably included in the total costs incurred on the subject claims.

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

\$108,711.09

If 4.5% interest, compounded annually is applied, the figure would amount to \$168,828.32.

Note that these amount pertain to actual costs incurred - there is no allowance for the prospective nature of the subject claims - this could be part of ongoing negotiations.

*Della - PVP
Wheeler?*

Tom - a very brief outline.

*Will be away all day - talk
to you at home tomorrow*

Nick