

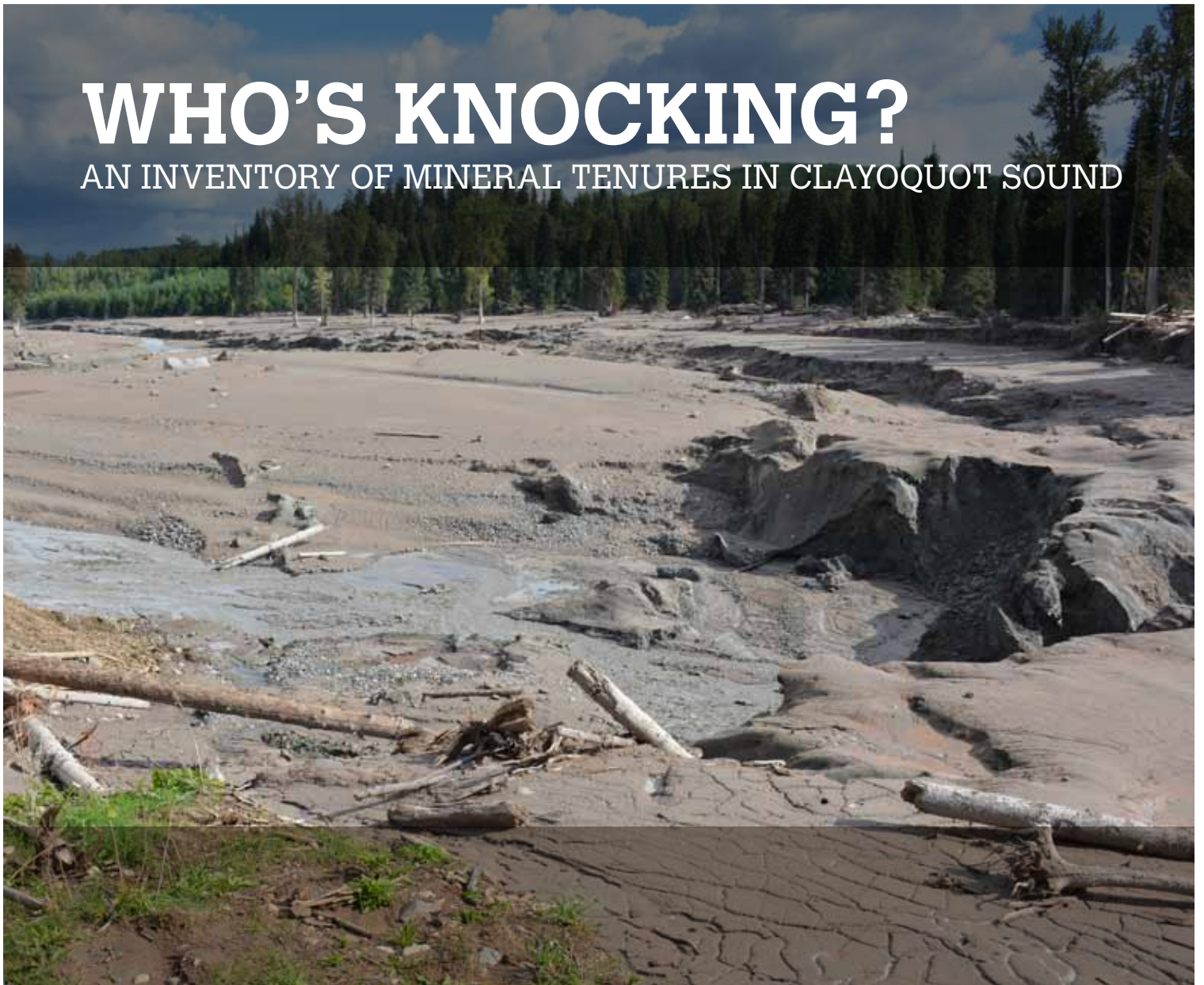
MINING REPORT || 2015

Clayoquot Action



WHO'S KNOCKING?

AN INVENTORY OF MINERAL TENURES IN CLAYOQUOT SOUND



Mount Polley mine disaster, August 2014

EXECUTIVE SUMMARY

This report represents a collaboration between Clayoquot Action and Fair Mining Collaborative.

Clayoquot Action is a Tofino-based conservation society, whose mission is to protect the biocultural diversity of Clayoquot Sound on the west coast of Vancouver Island.

Fair Mining Collaborative provides technical and practical assistance around the issues and impacts of mining to First Nations people and local communities in British Columbia in the quest to shape a healthy future for families, land, water, and wildlife.

Volunteers and staff of Clayoquot Action were trained by Fair Mining Collaborative to use the Mineral Titles Online (MTO) system, an online catalogue of mineral titles operated by the government of British Columbia. Volunteers then conducted an inventory of mineral claims in the Clayoquot Sound UNESCO Biosphere Reserve region, in Hesquiaht, Ahousaht and Tla-o-qui-aht First Nations territories.

It was found that 5.8% of the study area is under some form of mineral title, with a total of 257 claims held by 23 licensees. As recently as 2010, 24.5% of the region was under mineral tenure—the area covered has fallen due to the low price of minerals. This highlights the ‘boom and bust’ nature of the mining industry. Note that claim staking will likely increase again if and when metal prices rebound.

This report includes a map of the titles as well as profiles of the people and companies looking for minerals in Clayoquot Sound, including what type of minerals they are seeking. It also includes the most recent activity on these claims and the scope of that activity.

The purpose of this report is to help communities in Clayoquot Sound understand who has an interest in the land, what they are looking for, and how serious they are about development.

Typically, community participation has been limited to the narrow 180-day window of an environmental assessment period for a new mine development. This response can involve hundreds of hours of work and the hiring of experts at huge cost to the community.

However, if a new mine or a mine expansion falls below certain thresholds (75,000 tonnes annual production or 75 hectares in size, respectively) an environmental assessment is not required before the issuance of a mining permit. The same is true for all exploration and prospecting work of the kind noted in this report. The only requirement for any and all work, short of a major mine development, is a Notice of Work for any exploration by mechanical means. Low-level exploration or ‘prospecting’ requires no permit, and neither level involves an environmental assessment or public participation. And almost all of it occurs outside of public knowledge.

In addition, the recent tailings dam breach at Imperial Metals’ Mount Polley mine in northern Secwepemc territories provides further context and significance to this report.

The Mount Polley disaster has shown that although local communities share few of the benefits of mining, they also bear the brunt of ecological and social impacts. This disaster has demonstrated that the BC government is not only unable to regulate mines safely, but that it is completely unprepared to respond adequately when things go wrong.

The Province of British Columbia is clearly pushing to see more new mines opened on Crown lands. On January 26, 2015, Premier Christy Clark announced millions of dollars to fast track the permitting and approval of new mines.

Her announcement was made in light of the recent 2014 *Tsilhqot’in Nation v. British Columbia* Supreme Court of Canada ruling, which recognized Aboriginal title of the Tsilhqot’in First Nation on June 26, 2014. A new legal landscape is emerging that offers the prospect of a more responsible approach to land stewardship, especially on the unceded traditional lands of First Nations (which includes most of British Columbia).

Clayoquot Action and the Fair Mining Collaborative are working to ensure that the people of Clayoquot Sound are prepared to respond to the implications and consequences of mining in the area. This report is a first step in gathering the information necessary to start meaningful dialogue about mining in Clayoquot Sound. Our aim is to increase the transparency of the mining process and its potential to encroach and irrevocably harm the land, water, wildlife, and people of Clayoquot Sound and to support all voices that have yet to be heard.

GLOSSARY

Advanced exploration

Disturbance of the ground by mechanical means such as trenching, blasting, excavating, building camps, induced polarization surveys with exposed electrodes. Exploration at this level requires a Notice of Work permit.

Free Miner

A person who holds a valid Free Miner Certificate issued under the Mineral Tenure Act.

MTO System

As of 2005, all administration related to mineral claims is completed online through Mineral Titles Online (MTO) and no physical staking is permitted. MTO now uses one single map of British Columbia that divides the province into 8 million cells.

Mineral Claim

A mineral claim is the lowest level of tenure; it is a claim to the subsurface rights below an area.

Mineral Lease

A mineral lease is the most secure form of tenure. Unlike a claim, it is an interest in land and conveys to the holder the minerals within and under the leasehold. Leases can secure a group or groups of mineral claims for up to 30 years.

Notice of Work

This is the document First Nations will receive (also known as a Referral) when a miner begins advanced exploration.

Prospecting

Exploration involving geochemical, geological, geophysical (airborne), the use of hand tools, or the cutting of grid lines that does not involve the felling of trees. Prospecting does not require a Notice of Work permit.

Statement of Work

Submitted annually as a requirement, a SoW summarizes the type of work and the area(s) of work undertaken by a miner. Summaries are available on the MTO. SoW Reports detailing which specific claims received specific shares of the work are available for a fee upon request. Work must be done to retain a claim or lease. In lieu of work, a miner may make payments.

INCORPORATED FREE MINERS

CATFACE COPPER MINES LTD. is a subsidiary of Imperial Metals, acquired through Imperial's 2009 merger with Selkirk Metals Corporation. Prior to Selkirk's exploration of the Catface deposit, Falconbridge Limited worked on the property from discovery in 1960 through 1989 and performed extensive surface exploration and several phases of diamond drilling. The property consists of 145 contiguous two-post claims, of which 117 have been surveyed into a mining lease. The company owns a total area of 3,957 hectares. Of the claims, nine had work performed in December of 2014. The key commodities of interest are Copper and Molybdenum.

200-580 Hornby St
Vancouver BC CANADA V6C 3B6
(604) 669-8959
FMC Certificate Number 110223854
Incorporation Number BC0767155

ELECTRUM RESOURCE CORPORATION is a private company owned 60% by director John J. Barakso and 40% by members of his family. Mr. Barakso has also been the Chairman of Finlay Minerals Ltd. since May 2012 and Director since December 24, 1999.

Electrum owns 12 claims in Clayoquot Sound totaling 2390.81 ha, including several claims near Ellswick Lake, above Toquart Bay, and others in the upper Kennedy River area, west of 5040 Peak. Five of the claims had work performed in 2012 and exploration focuses on Gold and Copper.

912-510 Hastings St W
Vancouver BC CANADA V6B 1L8
FMC Certificate Number 110228224
Incorporation Number BC0268239

GONZAGA RESOURCES LTD. is an exploration company based in Mission B.C. The company is engaged in exploration, development and exploitation of mineral resources in Canada. As of December 30, 2010, Gonzaga has held 10 claims on the west side of Kennedy River totalling 803.02 ha. The most recent work on all ten claims was recorded in April of 2014.

8888 Shook Rd.
Mission BC CANADA V2V 7N1
FMC Certificate Number 110221648
Incorporation Number BC0878006

LOGAN RESOURCES LTD is a junior exploration company that has owned over 200 titles in B.C., chiefly spread between the Quesnel area and the Kennedy River area. Logan Resources currently owns 30 claims in the Kennedy area totaling 11,752.56 ha. Interest on the property revolves chiefly around the former Brynnor Iron (magnetite) deposit developed by Noranda Mines in the 1960s. One claim had work performed in 2012; the rest had payments made in lieu of work.

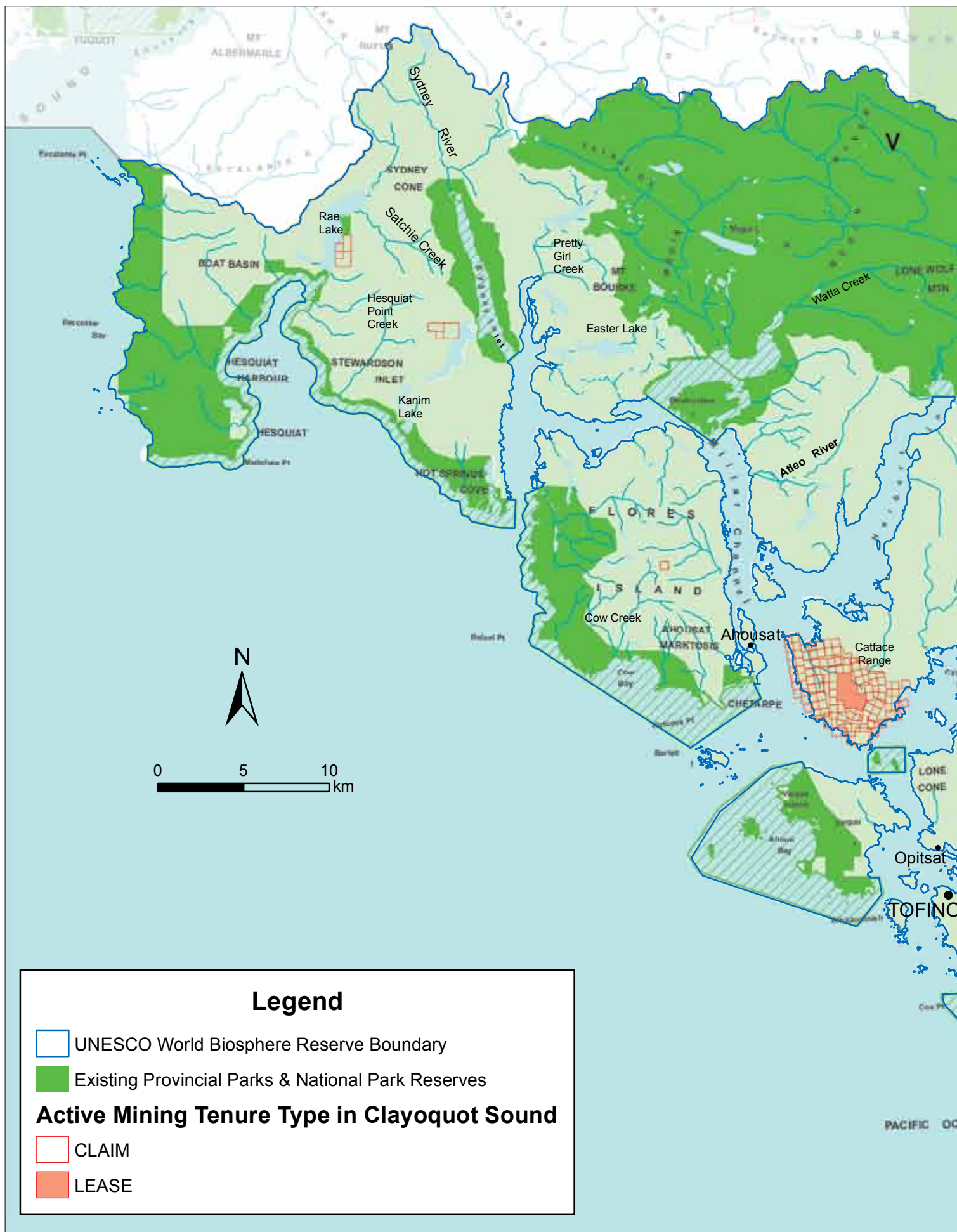
1240-1140 W Pender St
Vancouver BC CANADA V6E 4G1
(604) 681-8030
FMC Certificate Number 110224009
Incorporation Number BC0177147

SELKIRK METALS CORPORATION is a Vancouver-based mineral exploration and development company. Selkirk Metals merged with Imperial Metals on November 2, 2009.

Selkirk owns 18 active claims on the Catface Mountain Cliff Zone totaling 4660.67 ha. Other properties in B.C. include Wasi Creek, 150 km NW of Mackenzie; the Kneb Property, located 70 km northwest of Revelstoke; the LJ Property, located 35 km north-northeast of Revelstoke; and Ruddock Creek, Selkirk's flagship property, in the Kamloops and Revelstoke mining divisions. Of Selkirk's 18 properties in Clayoquot Sound, 3 had work performed in November 2014. Exploration in Clayoquot Sound focuses on Copper, Molybdenum and Gold.

Selkirk also owned what is known as the Pandora gold property in the Tranquil valley. Ownership of the property was transferred from Selkirk Metals to Imperial Metals Corp. and work was performed on the property in 2013. However, since then the company has made payments in lieu of performing work. The Pandora property, measuring 379.59 ha, lies in the centre of several large claims still registered to Selkirk Metals, at the head of Tranquil Inlet.

200-580 Hornby Street
Vancouver BC CANADA V6C 3B6
FMC Certificate Number 110226823
Incorporation Number BC0865420



Active Mining Tenures in Clayoquot Sound



UNINCORPORATED FREE MINERS

Bakus, John N. is the President of MLS Mining. MLS has mineral properties all over British Columbia, and Bakus personally owns 23 claims in the Kennedy River area. The Kennedy River claims total 802.66 ha. The properties focus on Gold deposits, and five of them had work performed in June 2014.

3-1572 Lorne St
East Kamloops BC CANADA V2C 1X6
irsol@telus.net
(250) 377-8918
FMC Certificate Number 1102257

Paterson, Robert T. is the president of Snowfield Development Corp., a junior exploration firm based out of Port Alberni. Paterson owns two active claims between the Taylor and Kennedy rivers totaling 779 ha. On the last statement of work in 2015, one claim property had work performed and the other had a payment in lieu of work. The claims in question are being surveyed for Gold, Silver, Lead, Copper and Zinc.

3793 14 Ave
Port Alberni BC CANADA V9X 5B8
FMC Certificate Number 110225254

Birkeland, Arne O. is a Professional Engineer and president of Arnex Resources Ltd. Birkeland owns seven active claims in Clayoquot Sound totaling 1143.71 ha. The claims are focused primarily on Nickel and Copper commodities. Birkeland's claims are located at the foot of Imperial Metals' Fandora property, on the Tofino Inlet, with others in Deer Bay and on Woman Island. Only one of the claims had work performed in the latest statement of work in 2012.

101 - 735 W 15th St
North Vancouver BC CANADA V7M 1T2
(604) 904-0606
FMC Certificate Number 110222291

Brownlee, Douglas J. is a registered Professional Geologist and contract exploration geologist. Brownlee owns one active claim in Clayoquot Sound with an area of 42 ha. No work was performed according to the latest statement of work in 2014.

4794 Quesnel Hydraulic Road
Quesnel BC CANADA V2J 6P9
FMC Certificate Number 110224449

Derrien, Anthony C. & Mattu, Sukhraj S. co-own two claims in Clayoquot Sound (50%-50%). One claim on the south side of Clayoquot Arm has had no work done since its acquisition in 2014. The other claim, in the Kennedy River area, has had no work performed since its acquisition in 2009.

Darrien:
6202 190th St
Surrey BC CANADA V3S 8H7
(604) 537-5834
FMC Certificate Number 110225792

Mattu:
1766 Salisbury Ave
Port Coquitlam BC CANADA V3B 1X7
(778) 836-8819
FMC Certificate Number 110222440

Funk, Kelly B. is the founder and part owner of Piston Well Services Inc. in Red Deer, AB, and is the sole owner of 802213 AB Ltd and BC Mining Properties. Funk owns active claims on Hesquiaht Lake and near the mouth of the Moyeha River, right next to Strathcona Provincial Park. Funk has chosen to make payments instead of performing work on these claims. The primary commodities are Copper, Iron, Gold and Silver.

301 Mount Royal Place
Nanaimo BC CANADA V9R 6A4
FMC Certificate Number 110224680

Grande, Glenn M. owns a single, 21.02 ha claim near the Bedwell River valley. No work was performed on the last statement of work.

2830 Boundary Road
Burnaby BC CANADA V5M 3Z8
FMC Certificate Number 110224958

Howie, William I. owns six claims totaling 159.7 ha near Kennedy Lake, along the border of Pacific Rim National Park Reserve. The primary commodity on the claims is Gold. Three of the six claims had work performed in 2014, according to the last statement of work. Howie has owned many claims in the Alberni Mining Division, as well as on the east side of Vancouver Island.

5690 Beaver Creek Road
Port Alberni BC CANADA V9Y 8X5
FMC Certificate Number 110227627

Krivensky, Richard J. has owned one 21.14 ha claim in the Kennedy River area since 2011. Krivensky also has multiple claims in the Port Alberni area. The claim focuses on Gold, Silver, Zinc and Copper, and no work was recorded on the last statement of work.

4895 Dunbar St
Port Alberni BC CANADA V9Y3G8
FMC Certificate Number 110226898

Laroche, Francis R. is a prospector and mineral exploration contractor who has owned many mineral titles mostly in the interior of the province. In 2012, Laroche purchased four claims totaling 84.48 ha in the Kennedy River area from Chris Zimmer. He has recently made payments in lieu of performing work on these claims.

2589 Thompson Dr
Kamloops BC CANADA V2C 4L5
(250) 374-8850
franklaroche@shaw.ca
FMC Certificate Number 110223362

Lawes, Steven J. is a prospector who acquired a small 21 ha claim on Ursus Creek, near the base on Vellela Peak. No work was been done since the claim was acquired.

Box 1202
513 Mayne
Princeton BC CANADA VOX 1W0
FMC Certificate Number 110222393

McKinney, William J. owns one 42.05 ha claim located near the Strathcona Park boundary, on Ursus Creek. McKinney owns an excavation and bulldozing company in Richmond B.C. and has operated as a small-time prospector throughout B.C. No work was recently recorded on McKinney's claim. The potential commodities on the property are Gold, Lead, Zinc and Copper.

11751 Shell Road
Richmond BC CANADA V7A 3W7
billdozer111@gmail.com
FMC Certificate Number 110223067

Paterson, Douglas W. is a prospector from Port Alberni and owner of the private company Area Resources Ltd. Of Paterson's five claims, two of the statements of work were submitted by John Bakus, one was submitted by Area Explorations Ltd. and two were submitted by Paterson. Two of Paterson's claims had work performed in January 2015; the primary commodities are Gold, Silver and Copper.

B-3793 14th Ave
Port Alberni BC CANADA V9Y 5B8
FMC Certificate Number 110223045

Perovic, Franjo is a prospector and owner of a private exploration company; Perovic Enterprises Inc. Perovic owns four claims in the Kennedy River area with an area of 294.91 ha. All four claims had geochemical work performed on the property in 2013. The minerals of interest are Gold, Silver and Copper.

13918 113th Ave
Surrey BC CANADA V3R 2J5
FMC Certificate Number 110225856

Richards, William G.
Pinder, Douglas B.
Belanger, Glen F.

One 210.28 ha claim is owned by Richards (10%), Pinder (45%) and Belanger (45%). All three own fewer than five claims in British Columbia. According to the most recent statement of work, work was performed on the claim in November 2014. The primary interests are Gold, Copper, Silver and Zinc.

Pinder:
98 Fairwinds Rd
Campbell River BC CANADA V9H 1H1
FMC Certificate Number 110224519

Richards:
2919-14th St
Creston BC CANADA V0B 1G2
FMC Certificate Number 110224533

Belanger:
2387 Glenmore Rd
Campbell River BC CANADA V9H 1C9
FMC Certificate Number 110224520

Scott, Steven J. co-owns one 21.09 ha claim with Christopher Zimmer that includes the mouth of Tofino Creek as it enters Deer Bay. The claim is adjacent to the Tla-o-qui-aht Eelseuklis/Onadsilth Indian Reserve. The latest statement of work indicates that no work has been done in 2015.

Box 75 Clarksburg ON CANADA N0H 1J0
tenures@hotmail.com
FMC Certificate Number 110228316

Scott, Brian W. owns the only active claim on Flores Island. The claim is 21 ha in size and sits in the mountains, approximately two kilometers from Atleo Lake. The claim encompasses a marsh at the end of a stream network. The claim was submitted by Mardell Martindale in February of 2015, however Brian Scott remains the owner. Both are Yukon residents; Scott is a prospector and owner of Ace Aggregate.

Scott:
Box 77 Tagish YT CANADA Y0B 1T0
bscottag@msn.com
FMC Certificate Number 110228331

Martindale:
Box 24 Tagish YT CANADA Y0B 1T0
FMC Certificate Number 110225864

Zimmer, Christopher J. owns six claims in Clayoquot Sound including whole and partial ownership of properties in the Tofino and Tranquil Creek area totaling 379.19 ha. One of Zimmer's claims, co-owned with Steven J. Scott, includes the mouth of Tofino Creek as it enters Deer Bay. Three of Zimmer's claims had work done on the latest statement of work in 2015.

Box 332 Tofino BC CANADA V0R 2Z0
FMC Certificate Number 110227954

CONCLUSION

Clayoquot Sound is experiencing a moderate to high level of mining exploration. Brownfields (previously mined ore bodies) are an attractive alternative to new mine development because globally, the best locations have been mined out. Clayoquot Sound has at least 2 such brownfields (Fandora and Brynnor) which have experienced very recent exploration and are being seriously explored as viable mine developments (endorsed, along with all other mining, by the British Columbia government's new mining initiatives).

Just outside the Clayoquot Sound UNESCO Biosphere Reserve, an active iron ore mine in the middle of Strathcona Park (Nyrstar's Myra Falls mine—active since 1966), and Pacific Iron Ore's 'Pearson Project' (a potential development north of Port Renfrew) exemplify the high viability of Vancouver Island in the eyes of the mining industry.

It is not inconceivable that mine applications are forthcoming in Clayoquot Sound.



ACKNOWLEDGEMENTS

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NEXT STEPS

Fair Mining Collaborative recently published the *Mine Medicine Manual: A Community Resource* (MMM) which comes with an invitation to participate. The MMM guides readers through mining, and the mineral tenure system in a practical way. Using a series of hands-on tasks, the MMM helps especially in situations encountered by First Nations when responding to proponents undertaking mining activities on traditional territories.

This report is a result of using the MMM, specifically the 1st and 2nd tasks.

Further steps might include:

- 1. Contacting each miner or company operating in Clayoquot Sound.** Under Canadian law, mining on First Nations traditional territory requires the Crown to meaningfully consult and accommodate the host First Nation(s). This is especially true in the wake of *Tsilhqot'in Nation v. British Columbia* 2014. Failure on the part of the miner to adequately consult and accommodate a First Nation can trigger further legal action, which is bad for business and all concerned. Miners should receive and address all the concerns of a First Nation. First Nations mining policies contain provisions—such as Section 2 of the *Northern Secwepemc te Qelmuw Mining Policy* of the Northern Shuswap Tribal Council, outlining meaningful consultation in precise detail.
- 2. Investigate any Notices of Work miners receive and respond to each.** Notices of Work can be sorted according to priority set out on pages 58–61 of the Mine Medicine Manual. 'Responding' to a Notice of Work could require anything from a phone call to a miner to a multi-day field visit to an exploration site.
- 3. Conducting site visits to gather baseline data before site disruption begins.** Site visits should not be undertaken lightly. Safety is the prime concern. Consult the "Site Visit Pre-Check" on page 86 of the MMM for a start.



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