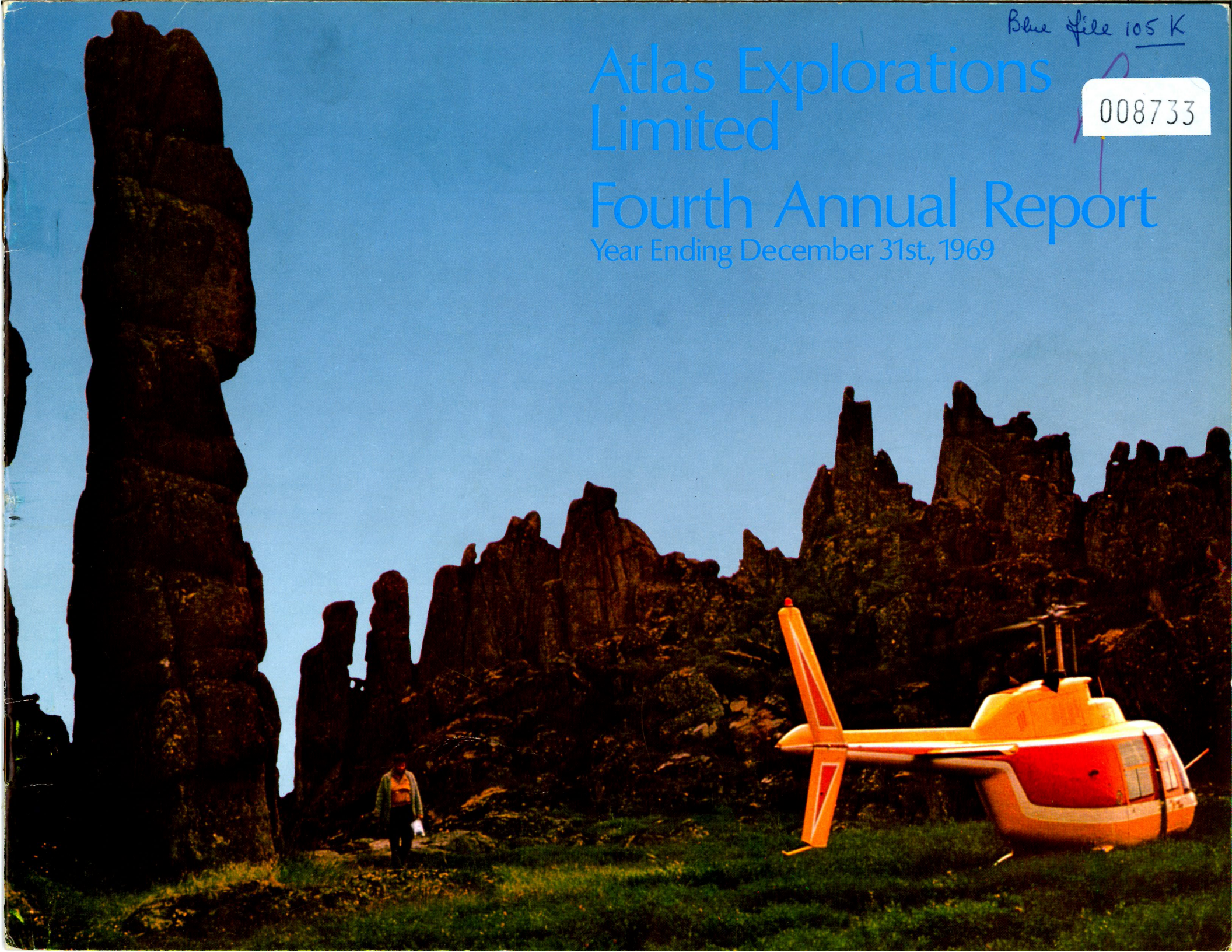


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Atlas Explorations Limited

008733

Fourth Annual Report Year Ending December 31st, 1969





Atlas Explorations Limited

DIRECTORS

Dr. Aaro E. Aho, West Vancouver, B.C.
R. E. Gordon Davis, Vancouver, B.C.
Ronald V. Markham, Vancouver, B.C.
John Bruk, West Vancouver, B.C.
H. R. Whittall, Vancouver B.C.

OFFICERS

Dr. Aaro E. Aho, President
R. E. Gordon Davis, Executive Vice-President
John Bruk, Secretary and General Counsel
John S. Brock, Vice-President—Exploration
Selwyn B. Jones, Vice-President—Corporate
G. E. Stedman, Vice-President—Comptroller

SOLICITORS

Lawrence & Shaw, Vancouver, B.C.

AUDITORS

McDonald, Currie & Co., Vancouver, B.C.

TRANSFER AGENT

The Guaranty Trust Company of Canada, Vancouver, B.C.

HEAD OFFICE

330 - 355 Burrard Street
Vancouver 1, B.C.

ANNUAL MEETING

Thursday, April 30th, 1970, at 2:00 p.m.
Island Room, Hotel Vancouver, Vancouver 1, B.C.



Exploration Is Our Business

PRESIDENT'S REPORT

During 1969 Atlas aggressively explored and developed mineral, petroleum and natural gas properties, and continued producing from a small copper mine in Chile and an oil well in Ontario. Expanded mineral exploration was made possible by a financing agreement with Dynasty Explorations whereby Dynasty provided funds by increasing its holdings to 25% of the issued shares of Atlas and agreed to participate on a 60/40 basis in all new exploration projects.

Based on encouraging results from last season, 1970 will be the greatest exploration season ever launched by our organization. For increased exploration in Yukon and British Columbia alone, \$1.2 million has been budgetted. Atlas will contribute \$425,000, Dynasty \$613,000 and other joint venture partners \$188,000. Drill programs are scheduled to start soon on the Klazan, Cub, Whiterocks, and Mercury Endako projects.

Production from the Quetena copper mine in northern Chile continues to yield a cash return, \$84,000 in 1969. With limited reserves the economic life of the operation is uncertain beyond 1970. Diamond drilling on the nearby Sierra Gorda project is indicating a potential of about 50 million tons in the order of 1% copper-molybdenum equivalent and a preliminary feasibility study is to be completed in the next few months.

Production of natural gas from Lake Erie is now on stream and full deliverability is anticipated by June 1970. Modest production is continuing from the Dunwich/Willey oil field in Ontario.

The White Paper tax proposals, if implemented in their existing form, would jeopardize the justifiability of continued exploration and your directors have indicated this to the Federal Government in written submissions.

However, with participation in over a dozen major mineral exploration projects of which four include drill programs, Atlas Explorations looks forward to an exciting year in one of the largest and most dynamic exploration programs in Canada.

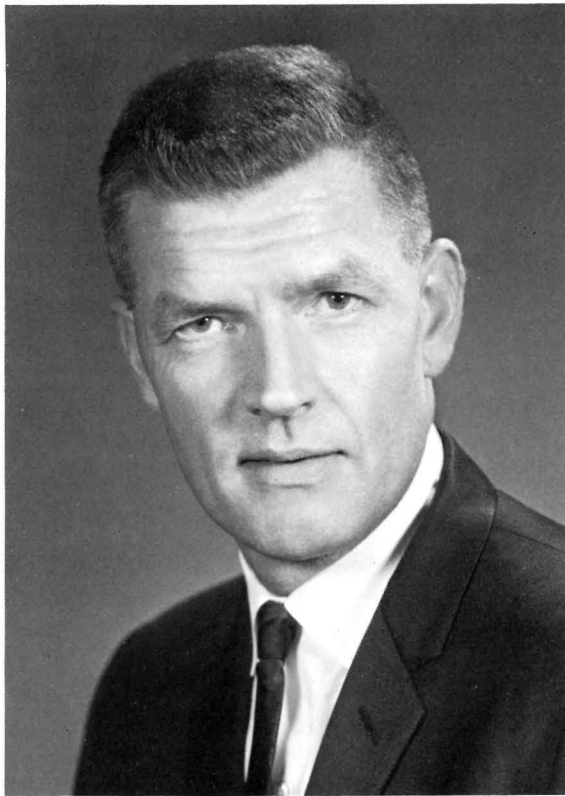
We wish to thank all shareholders, staff, officers, directors, associates, joint venture partners and the many others who have contributed towards the progress and success of the company and who will continue to devote their efforts to its future, especially our exploration personnel.

Respectfully submitted on behalf of the Board of Directors.



Aaro E. Aho
President

BOARD OF DIRECTORS



Aaro E. Aho



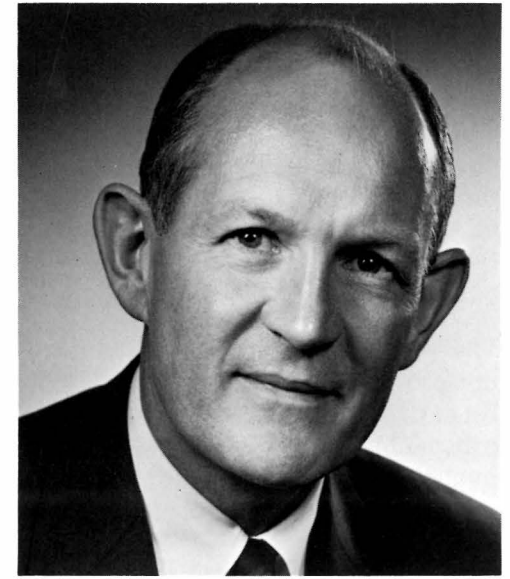
R. E. Gordon Davis



Ronald V. Markham



John Bruk



H. R. Whittall

Exploration (40% Atlas 60% Dynasty)

With exception of the Hess and Sheldon projects all exploration in Yukon and British Columbia is on the new 40/60 basis.

YUKON PROJECTS

Victor (Cover Photo)

In 1969 the 120-mile long Dawson Range of Yukon was revealed to be a major new porphyry copper-molybdenum belt, mainly as a result of drilling of the large Casino deposit.

The porphyry copper environment was recognized only in 1968 and with other indications now known, it is certain that this first discovery is by no means the only sizeable deposit of this type in the region. Since such mineralization is most apt to be weathered down or concealed by overburden, further exploration of this virgin unglaciated region with its extensive overburden cover can be expected to yield other new discoveries of great value.

Atlas and Dynasty organized the Victor Project in 1969 as their main effort, to explore for such major deposits in the Dawson Range and its vicinity. This program led to staking of five properties, Viña, Bid, Vegas, Royale and Crown, totalling 723 claims which cover geochemical anomalies coincident with favourable intrusive rocks, alteration, and aeromagnetic anomalies. During 1970, each property will be explored and evaluated by detailed geochemistry, geologic mapping, rock geochemistry and magnetic and induced polarization surveys where warranted. A \$203,000 program of exploration will begin in the latter part of April, 1970 to test these properties on which it is anticipated that at least one target can be developed for diamond drilling before the end of the field season.

The Victor project will also continue to use the same regional exploration methods which successfully defined the properties staked in 1969. An expenditure of \$186,000 has been allocated for continued saturation prospecting which will subsequently lead to acquisition of more prospects in the Dawson Range. Moreover, submission of further properties by individuals or other organizations is being actively encouraged.

Within the Victor project area, Atlas and Dynasty together with Canadian Industrial Gas and Oil are joint venturing exploration on

three other claim groups in the southeast Dawson Range, two optioned from third parties and one acquired by staking.

Of priority interest is the 130-claim Klazan group. Drill targets have been developed in a porphyry copper environment and an initial program of a minimum of 3000 feet of diamond drilling is to commence late in April, accompanied by further surveys to define extent of mineralization.

The 88, Cash and Johnny claims will be investigated by follow-up geochemical surveys of heavy metal geochemical anomalies found in stream sediments.

The joint venture will also explore the Oats group of 78 claims which was acquired by staking copper and molybdenum geochemical anomalies together with an associated exposure of heavily pyritized and altered intrusive rock.

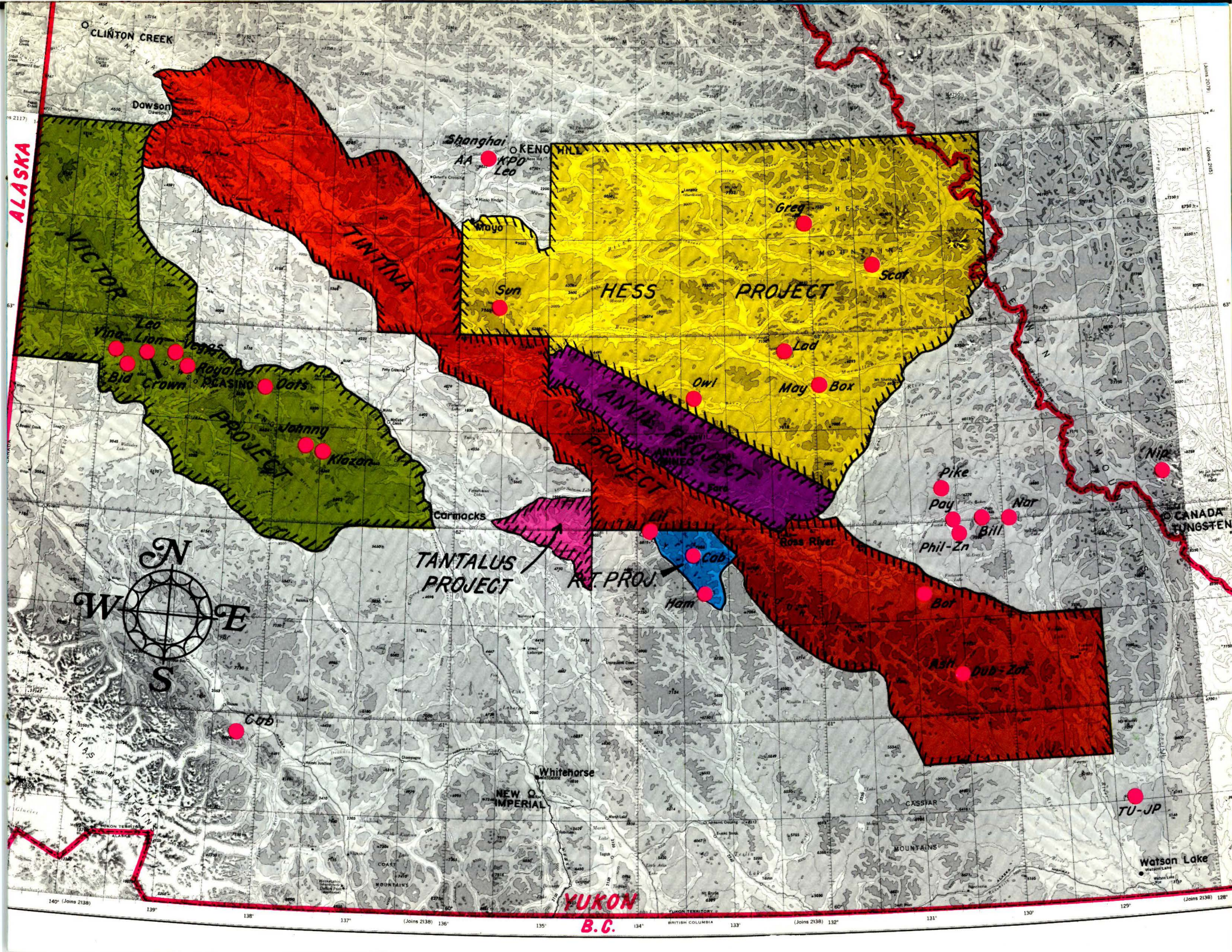
Investigation of these properties is budgetted at \$171,000 of which Canadian Industrial Gas and Oil is to contribute \$68,000.

Tintina

Inspired by possibilities of finding other mineral deposits similar to Anvil, Atlas and Dynasty explored four selected areas adjacent to the Tintina Trench between Dawson City and Watson Lake in Yukon. In 1969 \$215,000 was spent on this project and several areas were outlined for detailed follow-up under a planned budget of \$146,000 for 1970.

In the Fyre Lake vicinity where Atlas has held a copper property (Dub) since 1966, \$124,000 is budgetted for intensified work on new areas. One target consists of a discovery of high copper and molybdenum anomalies coincident with an extensive gossan in a favourable geologic setting.

Exploration will also continue in the Magundy River area, where lead, zinc, tungsten and molybdenum mineralization was found. In addition, bulldozer trenching and sampling is planned on asbestos showings staked near Finlayson Lake (Bot property).



CLINTON CREEK

Dawson

Shanghai
AA
KPO
Leo

KENO HILL

Greg

Scot

Hess

PROJECT

Son

Lad

May

Box

Owl

VICTOR

TINTINA

ANNIE PROJECT

PROJECT

TANTALUS PROJECT

RT PROJ.

Pike

Pay

Bill

Nar

Phil-Zn

Bat

Ash

Dub-Zn

TU-UP

Watson Lake

Whitehorse

NEW IMPERIAL

CASSIAR

MOUNTAINS

YUKON

B.C.

ALASKA

BRITISH COLUMBIA

CANADA
KINGSTEN



140° (Joins 2138) 139° 138° 137° (Joins 2138) 136° 135° 134° 133° (Joins 2138) 132° 131° 130° 129° (Joins 2138) 128°

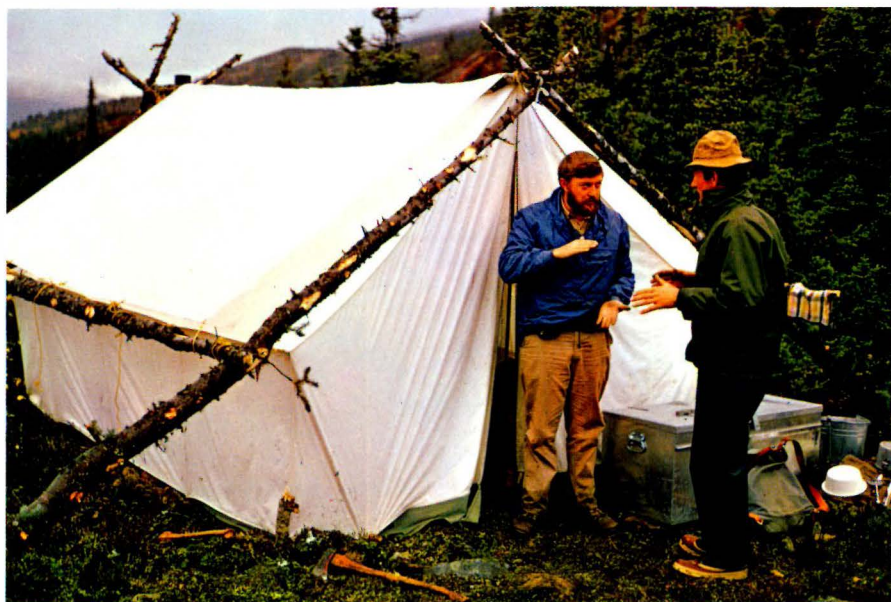
Cub

Atlas and Dynasty are participating in a joint venture with Coranex Limited whereby a 60% interest could be earned in the Cub property near Haines Junction, following expenditure of \$150,000 over two years.

An electromagnetic anomaly has been outlined in an area where large sulphide boulders averaging 1.6% copper and 4.4% zinc have been found. A \$36,000 program of exploration including a minimum of 1000 feet of diamond drilling will be carried out to test this target.

Tantalus

Atlas and Dynasty have recently acquired permits covering 179,000 acres to explore for coal in the Tantalus Basin area of Yukon, southwest of Little Salmon Lake. This venture involves a budget of \$20,000 for stratigraphic mapping and sampling of known coal occurrences near Big Salmon River.



Tintina Project party chief Ken Dawson discussing new discovery in Magundy area with prospector Gunter Lishy.

Hess

On the Hess Project, a joint venture with Philipp Brothers and Quebec Cartier Mining, regional and property exploration has been carried out by Atlas since 1967.

Detailed prospecting of a selected area near the project's Scot Group will be completed this year. Exploration will continue on the Scot and Owl claims where present survey coverage will be extended over areas of strong zinc and lead geochemical anomalies. Total budget is \$66,000.

Sheldon

The Sheldon project, in which Atlas holds a 95% interest, continued exploration of the Cab tungsten property in 1969. Detailed geologic mapping and soil sampling of the widespread mineralization were completed, and some further sampling is required during 1970 before planned diamond drilling in 1971.



Typical rolling overburden-clad terrain of the unglaciated Dawson Range at Independence Creek near Viña claims. Fresh mineralization or rock outcrops are scarce, hence the reason why porphyry copper-molybdenum mineralization was not recognized until 1968 in this large new mineral district.

Outside Exploration

Atlas and Dynasty have reserved \$212,000 for examination of mineral properties and development of background information in Yukon, to be used as a basis for future exploration projects. This includes a large contingency for expanded efforts in any new exploration project which may be warranted during 1970.

BRITISH COLUMBIA

Whiterocks

On the Whiterocks copper property about 15 miles north of the Brenda Mine, Atlas and Dynasty defined drill targets late in 1969 with geochemical, geological, magnetic and I.P. surveys over an area of basic intrusive rocks containing disseminated copper mineralization. Surface showings indicate possible grade potential in the range of .3 - .6% copper. Correlation of the surveys indicate one primary and two secondary drill targets. A \$67,000 program with a minimum of 3200 feet of diamond drilling is scheduled to commence in late April, 1970.



Helicopter reconnaissance of Dawson Range.

Mercury-Endako

A joint venture agreement has been negotiated between Atlas, Dynasty, Carey Canadian Mines and Mercury Explorations for further exploration of four claim groups held by Mercury in the Endako area. These properties contain partially developed drill targets consisting of geochemical and induced polarization anomalies within quartz monzonite rocks similar to those at the Endako molybdenum mine. Better definition of these targets by more detailed induced polarization surveys is commencing in April 1970 and a minimum diamond drill program of 5000 feet is scheduled to start in May. Total budget is \$98,000.

Outside Exploration

Atlas and Dynasty have budgetted \$30,000 for property examination work in British Columbia, and further contingent expenditures in the event of new property acquisition.



Fyre Lake camp.



*Diamond drilling at
Sierra Gorda Project, February 1970.*

Cima Mines Limited (Wholly-owned subsidiary)

CHILE

Sierra Gorda Project

In the Salvador area of the Sierra Gorda properties, diamond drilling to date is outlining a zone with indicated potential of approximately 50 million tons of copper and molybdenum sulphides grading in the order of 1% equivalent at a depth of 450 feet. Further exploratory drilling on outlying areas has been curtailed in favour of concentrated drilling in this zone to produce enough information for preliminary feasibility study.

It is considered that the Sierra Gorda project, in which Cima holds 47% interest, has good possibilities of developing into a medium-sized mine with substantial tonnage of low-grade copper and molybdenum sulphides. The exploratory drill program should be completed in June 1970 and the preliminary feasibility study is to be completed by late 1970.

Quetena Mine

The Quetena Mine, 100% owned, continues to produce in the order of 75-100 tons per month of cement copper of approximately 50% grade. Production from commencement of operations to the end of 1969 totalled 3,375 tons of cement copper concentrates with a gross value of \$1.63 million. Production from the glory hole has been slowed and dumps totalling some 200,000 tons of 0.4% water-soluble grade have recently been put on stream. Some additional ore is being moved from the adjoining San Miguel deposit into the glory hole for further leaching. It is not presently considered economic to develop any further portions of the mine due to limited indicated reserves, thus the operation will probably be phased out in favour of future development of the Sierra Gorda project.

Atlas Oil & Gas Limited

ONTARIO

NATURAL GAS

The gas pipeline and treatment facility for the Lake Erie gas field was completed in January 1970. Deliveries to Union Gas Company of Canada commenced on February 10 pursuant to a marketing agreement whereunder Atlas may deliver volumes of gas up to 2,197,000 mcf annually at a price of 37c per mcf, or 39c per mcf provided Atlas installs compression facilities.

Upon placing the wells in production, difficulties were encountered as the high pressure gas created hydrate deposition at well head connections, thereby reducing delivery capabilities. This is considered to be a temporary condition often experienced when placing new gas production on stream. Full contract deliveries are anticipated in June 1970.

Although no exploratory or development drilling is planned for 1970, a seismic survey carried out during 1969 added valuable information with attractive targets defined particularly on the original Essex County block which contains the production pool.

OIL

Production from Atlas-Dunwich 1-23-IV well in the Willey field has been stabilized in the 45-50 bbl. per day range and only very gradual declines are anticipated in 1970.

The company is participating in the re-completion of the Dunwich 5-23-IV well which had an initial potential of 40 bbl. per day oil and 1,000,000 mcf per day gas. Purpose of the proposed work-over is to reduce the high gas/oil producing ratio.

A water flood program has been proposed for the Willey oil field by International Utilities Limited and Dolphin Explorations Limited which companies have acquired the majority interest previously held by Imperial Oil Enterprises Ltd. The modest expenditure required makes participation very attractive.



Laying pipeline in Lake Erie.

Assembling pipe on shore.



ATLAS EXPLORATIONS LIMITED and Subsidiary Companies
CONSOLIDATED BALANCE SHEET as at December 31, 1969

ASSETS

	1969 \$	1968 \$
CURRENT ASSETS		
Cash	93,813	2,905
Marketable securities (notes 3 and 10)	1,459,232	1,394,064
Accounts receivable (note 4)	215,942	482,339
Concentrate settlements receivable at estimated net realizable value ..	29,088	107,221
Concentrate inventories—at estimated net realizable value	118,015	24,947
Mine materials and supplies—at cost ..	104,223	120,152
	<u>2,020,313</u>	<u>2,131,628</u>
DEPOSITS AND LOANS—at cost (note 5)	96,060	89,563
PARTICIPATION IN EXPLORATION JOINT VENTURES (notes 1 and 6)	1,660,324	1,011,711
MINERAL PROPERTIES AND RELATED COSTS (notes 1 and 7)	4,041,595	4,049,325
FIXED ASSETS (note 8)	1,425,610	476,573
ORGANIZATION COSTS	6,967	6,967

SIGNED ON BEHALF OF THE BOARD



Director



Director

9,250,869

7,765,767

LIABILITIES

	1969 \$	1968 \$
CURRENT LIABILITIES		
Bank advances (note 9)	75,600	818,351
Accounts payable and accrued liabilities	455,269	236,264
Loan payable	333,000	356,561
Current portion of long-term debt	863,869	1,411,176
LONG-TERM DEBT (note 10)	667,000	667,000
EXCHANGE ADJUSTMENT arising on consolidation of subsidiary company having a foreign division	6,943	6,916
MINORITY INTEREST in net assets of a consolidated subsidiary company	30,000	30,000
	<u>1,567,812</u>	<u>1,448,092</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 11)		
Authorized— 10,000,000 shares of the par value of 50c each		
Issued and fully paid— 4,893,699 (1968; 4,246,527) shares ..	2,446,849	2,123,264
SHARES TO BE ISSUED (note 11 (d))	98,414	100,000
SURPLUS	5,137,794	4,094,411
	<u>7,683,057</u>	<u>6,317,675</u>
	<u>9,250,869</u>	<u>7,765,767</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Atlas Explorations Limited and subsidiary companies as at December 31, 1969 and the statements of consolidated surplus, earnings and source and use of working capital for the year then ended. Our examination included a general review of the account procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
April 7, 1970

McDonald, Currie & Co.
Chartered Accountants

ATLAS EXPLORATIONS LIMITED and Subsidiary Companies
STATEMENT OF CONSOLIDATED SOURCE AND USE OF WORKING CAPITAL
for the year ended December 31, 1969

	1969 \$	1968 \$
SOURCE		
From Operations (note 13)	118,548	126,012
Issue of Capital Stock (note 11)	1,586,282	1,443,644
Received on shares to be issued	98,414	100,000
Bank Loan	1,000,000	
Disposal of mineral properties	62,145	
	<u>2,865,389</u>	<u>1,669,656</u>
USE		
On Mineral Properties—		
Oil and gas exploration	304,214	798,287
Mining exploration	16,675	161,761
	<u>320,889</u>	<u>960,048</u>
<i>Deduct:</i> Charge not requiring an outlay of working capital—		
Depreciation	944	35,132
	<u>319,945</u>	<u>924,916</u>
On Joint Ventures—		
Mining explorations	1,620,155	
<i>Deduct:</i> Received from Joint Venture partners	975,916	
	<u>644,239</u>	
<i>Deduct:</i> Charge not requiring an outlay of working capital—		
Depreciation	30,934	225,105
Fixed assets—net	1,156,676	63,073
Long-term debt retirement (note 10)	333,000	500,000
Investments—net	6,498	22,774
Exchange adjustment	(27)	1,812
	<u>2,429,397</u>	<u>1,737,680</u>
INCREASE (DECREASE) IN WORKING CAPITAL	435,992	(68,024)
WORKING CAPITAL—BEGINNING OF YEAR	720,452	788,476
WORKING CAPITAL—END OF YEAR	<u>1,156,444</u>	<u>720,452</u>
REPRESENTED BY:		
Current assets	2,020,313	2,131,628
<i>Less:</i> Current liabilities	863,869	1,411,176
WORKING CAPITAL	<u>1,156,444</u>	<u>720,452</u>

ATLAS EXPLORATIONS LIMITED and Subsidiary Companies
STATEMENT OF CONSOLIDATED SURPLUS

	1969 \$	1968 \$
CONTRIBUTED SURPLUS		
Balance—beginning of year	5,038,664	3,770,739
Changes during the year		
Excess of proceeds of sale over par value of shares issued for—		
cash	1,362,697	1,174,729
minority interest in a subsidiary		93,196
Balance—end of year	<u>6,401,361</u>	<u>5,038,664</u>
DEFICIT		
Balance—beginning of year	944,253	270,582
Changes during the year		
Costs relating to mineral properties abandoned	140,818	100,479
(Gain) on sale of mineral properties	(37,408)	
Loss on sale of fixed assets		1,677
Loss on disposal of investments		385,018
Loss from operations	215,904	186,497
Balance—end of year	<u>1,263,567</u>	<u>944,253</u>
TOTAL SURPLUS	<u>5,137,794</u>	<u>4,094,411</u>

ATLAS EXPLORATIONS LIMITED and Subsidiary Companies
STATEMENT OF CONSOLIDATED EARNINGS for the year ended December 31, 1969

	1969 \$	1968 \$
MINING		
Revenue from concentrates produced	530,362	892,072
Less: Treatment and marketing costs	100,384	124,029
	<u>429,978</u>	<u>768,043</u>
Expenditures		
Operating costs	333,190	602,090
Exchange loss	12,043	64,630
	<u>345,233</u>	<u>666,720</u>
Operating income	<u>84,745</u>	<u>101,323</u>
Other expenses		
Depreciation	172,634	169,108
Amortization of preproduction costs	148,103	134,390
Provision for Chilean income taxes	1,512	5,616
	<u>322,249</u>	<u>309,114</u>
Loss from mining operation	<u>237,504</u>	<u>207,791</u>
OIL		
Revenue from crude oil sales	83,499	55,829
Expenditures		
Operating costs	48,184	25,524
Operating income	<u>35,315</u>	<u>30,305</u>
Amortization of preproduction costs	13,715	9,011
Net earnings from oil operation	<u>21,600</u>	<u>21,294</u>
LOSS FOR THE YEAR	<u><u>215,904</u></u>	<u><u>186,497</u></u>

ATLAS EXPLORATIONS LIMITED and Subsidiary Companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 1969

1. VALUES

The amounts shown for participation in exploration joint ventures and mineral properties and related costs represent costs incurred to date and do not reflect present or future values.

2. PRINCIPLES OF CONSOLIDATION

(a) The consolidated financial statements include the accounts of all subsidiary companies, namely:

Atlas Copper Company Ltd. (N.P.L.)
Atlas Explorations (Australia) Limited
Atlas Oil and Gas Limited
Cima Mines Limited
Mt. Hunderer Mines Limited (N.P.L.)

(b) Foreign currencies have been converted at the following rates of exchange:

(i) current assets and current liabilities—at rates as at December 31, 1969.
(ii) fixed assets—at rates at dates of acquisition or construction.
(iii) revenue, operating costs and mineral property costs—at average rates for the year except for depreciation and amortization which are converted at the rates effective on the dates on which the expenditures on the related assets were made.

(c) The difference between the cost of shares of the subsidiary companies and their net book values at the dates that control was acquired has been allocated to those assets to which the excess relates.

3. MARKETABLE SECURITIES

As at December 31, 1969 the company held the following securities:

	Number of Options	Number of Shares	Quoted Value \$	Carrying Value \$
Dynasty Explorations Limited (note 10)		183,100	2,746,500	1,340,421
Paramount Mining Ltd. (N.P.L.)		127,700	89,000	64,601
Land Planning & Development Limited		160,000	63,000	48,400
Hastings Explorations N.L.	10,000	325,000	148,000	5,810
			<u>3,046,500</u>	<u>1,459,232</u>

4. ACCOUNTS RECEIVABLE

As at December 31, 1969 included in accounts receivable are \$28,230 due from a director and officer of the Company and \$10,379 receivable under the Northern Mineral Exploration Assistance Regulation Grant.

The Company has received \$241,555 under these Regulations. If the property for which the grant was received should come into production, the grant received will become a loan subject to repayment, with interest, over a period of ten years from the date production commences.

5. DEPOSITS AND LOAN

As at December 31, 1969 the Company held a 6% \$14,025 mortgage receivable from an officer.

6. PARTICIPATION IN EXPLORATION JOINT VENTURES

	Equity %	No. of Shares	Cost \$
A. Canada			
(a) Empress Mines Ltd. (N.P.L.)			
Shares at cost (without quoted value)	43	412,250	35,000
Advances			
without interest or fixed			
repayment terms			14,725
(b) Sheldon	95		936,075
(c) Hess	26		119,031
(d) Dynasty	40		165,629
(e) Others			5,558
			<u>1,276,018</u>

B. Chile

(a) Sierra Gorda Project	47	384,306
		<u>1,660,324</u>

Atlas Explorations Limited entered into an agreement with Dynasty Explorations Limited whereby the companies could participate in all new projects initiated by either company with share interest and cost of each project to be sixty per cent (60%) for Dynasty and forty per cent (40%) for Atlas. In addition Dynasty and Atlas gave each other the right of first refusal to participate in their existing projects. Under the terms of the agreement Atlas is to perform administrative, exploration and technical work in connection with the joint projects.

7. MINERAL PROPERTIES AND RELATED COSTS

(a) Mineral properties and related costs are as follows:

	Expenditures \$	Cost of Properties \$	Total \$
Preproduction			
Balance—beginning of year	1,379,588	399,386	1,778,974
Less: Amortization	161,818		161,818
Balance—end of year	<u>1,217,770</u>	<u>399,386</u>	<u>1,617,156</u>
Exploration			
Balance—beginning of year	1,746,264	524,087	2,270,351
Add: Expenditures during the year ..	320,889		320,889
	2,067,153	524,087	2,591,240
Less: Costs relating to mineral properties abandoned, sold or transferred to exploration joint ventures during the year	154,616	12,185	166,801
Balance—end of year	<u>1,912,537</u>	<u>511,902</u>	<u>2,424,439</u>
TOTAL	<u>3,130,307</u>	<u>911,288</u>	<u>4,041,595</u>

(b) The Company has established a policy for amortization of preproduction expenditures whereby they will be charged to earnings during the anticipated life of the related properties.

8. FIXED ASSETS

Buildings, equipment, land, and related accumulated depreciation and amortization are:

	1969		1968	
	Cost \$	Accumulated Depreciation and Amortization \$	Net \$	Net \$
Oil and Gas	1,008,092	314	1,007,778	
Mining	873,513	575,631	297,882	429,714
Exploration	143,406	90,119	53,287	36,287
Administration	65,726	7,924	57,802	2,572
	<u>2,090,737</u>	<u>673,988</u>	<u>1,416,749</u>	<u>468,573</u>
Land	8,861		8,861	8,000
	<u>2,099,598</u>	<u>673,988</u>	<u>1,425,610</u>	<u>476,573</u>

9. SECURITY FOR BANK ADVANCES

As security for the bank advances the Company has pledged concentrate settlements receivable and concentrate inventories.

10. LONG-TERM DEBT

Interest on the debt is at the prime bank rate plus 1¼% (at December 31, 1969 9¼%). This loan is repayable in minimum annual instalments of \$333,000 commencing in 1970.

The loan is secured by the assignments of book debts and proceeds of production of natural gas from the Lake Erie properties of Atlas Oil and Gas Limited and by the pledging of 65,000 shares of Dynasty Explorations Limited (note 3).

11. CAPITAL STOCK

(a) The Company has issued the following shares of its capital stock:

	No. of Shares	Par Value \$	Premium \$	Gross \$
Balance—beginning of year	4,246,527	2,123,264	5,038,664	7,161,928
Issued during year for cash	<u>647,172</u>	<u>323,585</u>	<u>1,362,697</u>	<u>1,686,282</u>
	<u>4,893,699</u>	<u>2,446,849</u>	<u>6,401,361</u>	<u>8,848,210</u>

(b) The shares issued for cash include 600,000 to Dynasty Explorations Limited. In addition, the Company has agreed to offer to Dynasty on the occasion of each new issue of the Company's shares 25% of the total of such issues on the same terms as such issues are offered to others.

(c) The Company has reserved 131,500 shares for employees stock option plan. Under this plan, options of 37,000 shares have been granted at prices ranging from \$1.91 to \$2.76 per share expiring at various dates to 1973 and are outstanding at December 31, 1969.

In addition, stock options are outstanding to an ex-officer of Silver Titan Mines Limited (N.P.L.) as a result of the acquisition of the net assets and undertakings of that company and to officers of Atlas to purchase a maximum of 14,660 shares at a price of \$2.00 each, expiring in 1971.

(d) Under the terms of the Sheldon Joint Venture agreement, provided certain conditions are met, the Company must issue 42,671 shares of its capital stock during 1970 to its joint venture partner in consideration for \$98,414 advanced by said partner during 1969.

12. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the year no directors fees were paid. Total remuneration paid to senior officers of the Company including directors and consulting companies controlled by them, amounted to \$98,675.

13. WORKING CAPITAL

Working capital provided from operations:

	1969 \$	1968 \$
Loss for the year	(215,904)	(186,497)
<i>Deduct:</i> Charges not requiring an outlay of working capital—		
Depreciation	172,634	169,108
Amortization of preproduction costs	161,818	143,401
Working capital provided	<u>118,548</u>	<u>126,012</u>

