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## INTERIM PROGRESS REPORT DATED OCTOBER 27, 1966

Atlas Explorations Limited announced that they have discovered an important new base metal belt in the Sheldon area, 180 miles northeast of Whitehorse in Yukon Territory. Some 1200 new claims have been staked recently in ten separate groups, covering mineral indications within an area 50 miles long by 15 miles wide. Preliminary findings were reported in the Company's quarterly report of last month but, due to security measures connected with staking in progress, exact location was not divulged at that time. Additional work since carried out by the Company has enhanced its significance.

The find culminates a very active season in one of the largest exploration programs in the Territory, carried out by the same organization who first discovered the Dynasty/Cyprus (Anvil) lead-zinc deposit. Work was concentrated in the large central plateau region adjacent to the Anvil district, with experienced personnel, adequate finances, and fully integrated scientific saturation prospecting techniques. At Ross River, at the junction of the Canol Road and the Pelly River, about 125 miles northeast of Whitehorse, the company erected a modern base consisting of several new buildings, including an atomic absorption photospectrometer geochemical laboratory. Prospects covered by a total of 2500 claims were explored in varying detail at Magundy River, Old Gold Creek, Grass Lakes, Fyre Lake, Traffic Mountain, Mt. Hundere, Kathleen Lakes and other areas. Several Company prospecting parties also combed the region.

The program employed some 50 personnel, and consisted of three phases:

(a) Preliminary study of all available data; photo-geology; airborne magnetic and electromagnetic surveys; and follow-up acquisition of ground, completed by June.

(b) Isolation of airborne anomalies by follow-up line cutting and detailed geological, geochemical and geophysical surveys.

(c) Evaluation of all data compiled, followed by bulldozer trenching and diamond drilling.

To date approximately $500,000 has been expended on the project, promising areas of porphyry copper, lead, zinc and silver mineralization have been discovered in locations considered to have potentials similar to the Anvil district, bulldozing trenching was started in the Sheldon area in late August and will continue until the middle of November, and diamond drilling was initiated last week in the Fyre Lake area, some 80 miles southeast of Ross River.

Regarding the new discoveries in the Sheldon area, the Company President, Dr. Aho, stated: "I feel we have discovered an important new copper-zinc-lead belt here that fully justifies a major exploration program to establish its economic potential. The Atlas program at this stage is farther advanced than the 1964 Dynasty exploration program, which led to the discovery of the Anvil base metal deposits last year, in terms of having several new base metal occurrences, more extensive geochemical anomalies, and more target areas in a district of similar size and potential. Results to date fully vindicate the goals set out for Atlas for this season, the success of the approach developed in the Anvil district, and our convictions that the Central Plateau area of Yukon contains some of the largest base metal potentials of the Territory."

The Atlas program is now moving into the second phase of detailed work followed by drilling in both the Sheldon and the Fyre Lake areas.

SHELDON AREA

A start on the second phase was made in the Sheldon area this fall on the PIKE group of claims, eight miles northwest of Traffic Mountain. Here a significant copper-lead-zinc anomaly some two miles long and several hundred feet wide has been tested by bulldozing trenching in the past month, and encouraging base metal showings associated with the anomaly have been uncovered. The deposit appears to be on an extensive zone of porphyry copper type mineralization containing copper, lead, zinc and silver.

The westerly end of the zone lies on higher ground and has been exposed by a series of closely spaced bulldozer trenches for a length of 700 feet and a width of 100 to 200 feet. Copper-silver mineralization varying from 0.25% to 3.0% copper, and .25 to 5 oz/ton silver, with minor zinc and lead, is well disseminated in

a silicified, chloritized and biotitized zone of fracturing within a nearly vertical porphyry intrusive. The presence of arsenopyrite and rare garnet suggest a high temperature origin.

A second zone, which appears to be the faulted extension of the western deposit, lies some 1200 feet to the south. It appears to be similar in width, and is defined by a similar geochemical anomaly some 8000 feet long. Four widely spaced bulldozer trenches have been put down within this zone, but have only partially exposed the mineralization due to the depth of overburden and permafrost conditions. In addition to disseminated chalcopyrite and arsenopyrite mineralization, trenches located at 4E and 24E, 2000 feet apart on this zone have exposed sub-massive sphalerite and galena mineralization in shear zones within the intrusive. A representative grab sample of mineralization from the trench at 4E assays 4.26 oz. silver, 3.5% lead and 16.9% zinc over a partially exposed width of 12 feet. The mineralization dips under the overburden and its true width has not been established. Similar mineralization has recently been uncovered in a bulldozer trench at 24E, but no samples have yet been taken. Due to heavy overburden cover and permafrost in this section, it has not yet been possible to trench across the zone.

All preliminary samples to date have shown silver values which appear to be associated with disseminated tetrahedrite accompanying the chalcopyrite. It is possible to visualize open pit copper-silver operations if widths and values stand up to detailed sampling.

A crash geochemical and reconnaissance prospecting program, conducted in the latter half of the season to cover unexplored parts of this new base metal belt, disclosed six other mineralized localities with base metal and silver values or geochemical anomalies that have been staked recently. An area 40 miles long by 20 miles wide, aggregating 800 square miles, has been covered by this reconnaissance, and a continuing program of geophysical survey work will be carried out over the claim groups during the winter months with a five-man crew based in the area.

Although it has not been possible to evaluate or even examine the new discoveries thoroughly before snowfall, some of the other preliminary results to date are as follows:

The NAR claims, located about 12 miles east of the old Pelly Lakes Trading Post, cover an extensive area of gossans with associated replacement-type lead-zinc and pyrrhotite showings which appear

to be related to contacts of a small granite stock that intrudes quartzite, cherts and limestone. Several small shear zones containing galena, sphalerite and pyrrhotite were found in the vicinity, including galena float assaying 118 oz/ton silver. Other grab samples from this gave assays as follows:

1) 8.68 oz. silver, 10.2% zinc, .73% copper.

2) 1.63 oz. silver, 2% copper.

3) 1.35 oz. silver, 1.9% copper.

4) 3.68 oz. silver, 0.24% copper, 3.1% zinc. 3.5% lead.

5) 0.3 oz. silver, .91% copper, 14.8% zinc.

6) 2.04 oz. silver, 1.6% lead, 10.4% zinc, trace copper, .005 oz. gold.

A composite representative grab sample taken from a rusty zone 25 feet in diameter in the talus from this area assayed 2.9% lead, 3.9% zinc, and 6.94 oz. silver. Time did not permit mapping, trenching or systematic sampling this season, but some winter geophysics may be done. Geochemical reconnaissance throughout the claim group indicated widespread copper-lead-zinc mineralization.

The PAY claims located four miles to the east of Fortin Lake, cover a mineralized gossan containing values in lead, zinc, copper and gold.

Eight miles to the southeast, the RIS claims were staked to cover a similar showing. Grab samples from this area assayed 2.66 oz. silver, 14.9% lead and a trace of zinc.

The JAKE group, staked six miles southeast of McEvoy Lake, covers several showings of copper, lead and zinc found originally in talus and creeks, but later found in place. Extent of the mineralization here is not yet known.

The BILL group of claims, immediately south of Pelly Lakes Trading Post, are staked to cover an extensive lead, zinc and copper geochemical anomaly associated with a gossan zone.

Six miles northwest of the northwestern tip of Frances Lake, the TED claims were stated on a new discovery of considerable coarse massive barite in an outcrop near the north shoulder of a mountain. The showing was traced by float for a distance of 300 feet, and an

apparent width of 10 feet. South of this locality a number of showings of barite were found which may represent several veins or possibly a larger body.

FYRE LAKE

The Fyre Lake DUB claims lie northeast of the Tintina Fault structure, some 80 miles southeast of Ross River, in a geologic setting very similar to the Anvil district. A flat lying sulphide replacement body was indicated in diamond drilling by former holders of the ground. It is approximately 350 feet long, 150 feet wide, mineralized to thicknesses of 17 to 30 feet, and carries about 1% copper, 0.03 oz. gold, 0.2 oz. silver per ton, with some zinc. The base of the heavily mineralized section averages about 25 feet in thickness.

A detailed geophysical and geochemical survey by Atlas this season indicated extensions of the zone at both ends, and diamond drilling was started recently. Two holes within the anomaly to date have intersected copper mineralization in the favourable chlorite horizon, and confirm that, as suggested by geophysics, the original copper zone is more extensive than previously supposed. Mineralization now extends for an indicated zone length of 1600 feet with thickness being in the order of 25 feet as originally indicated. Extensions of the width are now being tested, and if results are favourable a grid pattern of drilling will be initiated to assess the potential of the deposit.

In addition to this, a new zone to the south was strongly outlined for some 2500 feet along strike, with coincident magnetic, electromagnetic and geochemical results. This new discovery will also be diamond drilled, continuing on into winter, and Atlas is adequately financed to complete its fall and winter follow-up programs as well as its Chilean and Australian projects. New developments are continuing.