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ASSESSMENT REPORT

describing

GEOPHYSICAL SURVEYS

at the

CONNAUGHT PROPERTY

CN 1-120	YC44099-YC44218
125-162	YC44219-YC44256
189-198	YC44257-YC44268
NC 1-8	YC44412-YC44419
13-32	YC44220-YC44439

located at

NTS 115N/15
Latitude 63°55'N; Longitude 140°48'W

in the

Dawson Mining District

prepared by

Archer, Cathro & Associates (1981) Limited

for

KLONDIKE SILVER CORP.

and

ATAC RESOURCES LTD.

by

W.A. Wengzynowski, P.Eng.
April 2007

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INTRODUCTION

The Connaught property hosts an extensive system of silver-gold-lead veins. It is located in the Sixty Mile placer gold camp of western Yukon Territory. The property is owned by ATAC Resources Ltd. and is under option to Klondike Silver Corp.

This report describes helicopter-borne VTEM and magnetic surveys that were conducted by Geotech Ltd. in June, 2006. The work was supervised by the author and his Statement of Qualifications appears in Appendix I.

PROPERTY LOCATION, CLAIM DATA AND ACCESS

The Connaught property consists of 208 contiguous mineral claims located in western Yukon at latitude 63°55'N and longitude 140°48'W on NTS map sheet 115 N/15 (Figure 1). The claims are registered with the Dawson Mining Recorder in the name of Archer, Cathro & Associates (1981) Limited, which holds them in trust for ATAC. Claim data is tabulated below while the locations of individual claims are shown on Figure 2.

<u>Claim Name</u>	<u>Grant Number</u>	<u>Expiry Date*</u>
CN 1-120	YC44099-YC44218	May 26, 2007
125-162	YC44219-YC44256	May 26, 2007
189-198	YC44257-YC44268	May 26, 2007
NC 1-8	YC44412-YC44419	June 16, 2007
13-32	YC44420-YC44439	June 16, 2007

* Expiry dates do not include 2006 exploration work, which has not yet been filed for assessment credit.

The property lies about 65 km due west of Dawson City. It can be reached by four wheel drive truck via the Sixty Mile Road, which runs south from the Top of the World Highway. An extensive system of bush roads and trails exist on the property but to reach them the Sixty Mile River must be forded. During spring runoff and following major storms, this ford can be impassable. The Top of the World Highway extends west from Dawson City into Alaska and is open during summer and fall when the ferry across the Yukon River is in service. Dawson City is situated 536 km by road north of Whitehorse, the main supply centre, and is reached via the all-season Klondike Highway.

Helicopters are based in Dawson City year round. In 2006, the helicopter and crew that performed the geophysical surveys were based in Dawson City.

PREVIOUS WORK

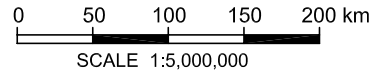
The following summary is based largely upon Yukon Minfile descriptions (Traynor, 2005). Results from historical work are discussed in the appropriate sections later in this report.

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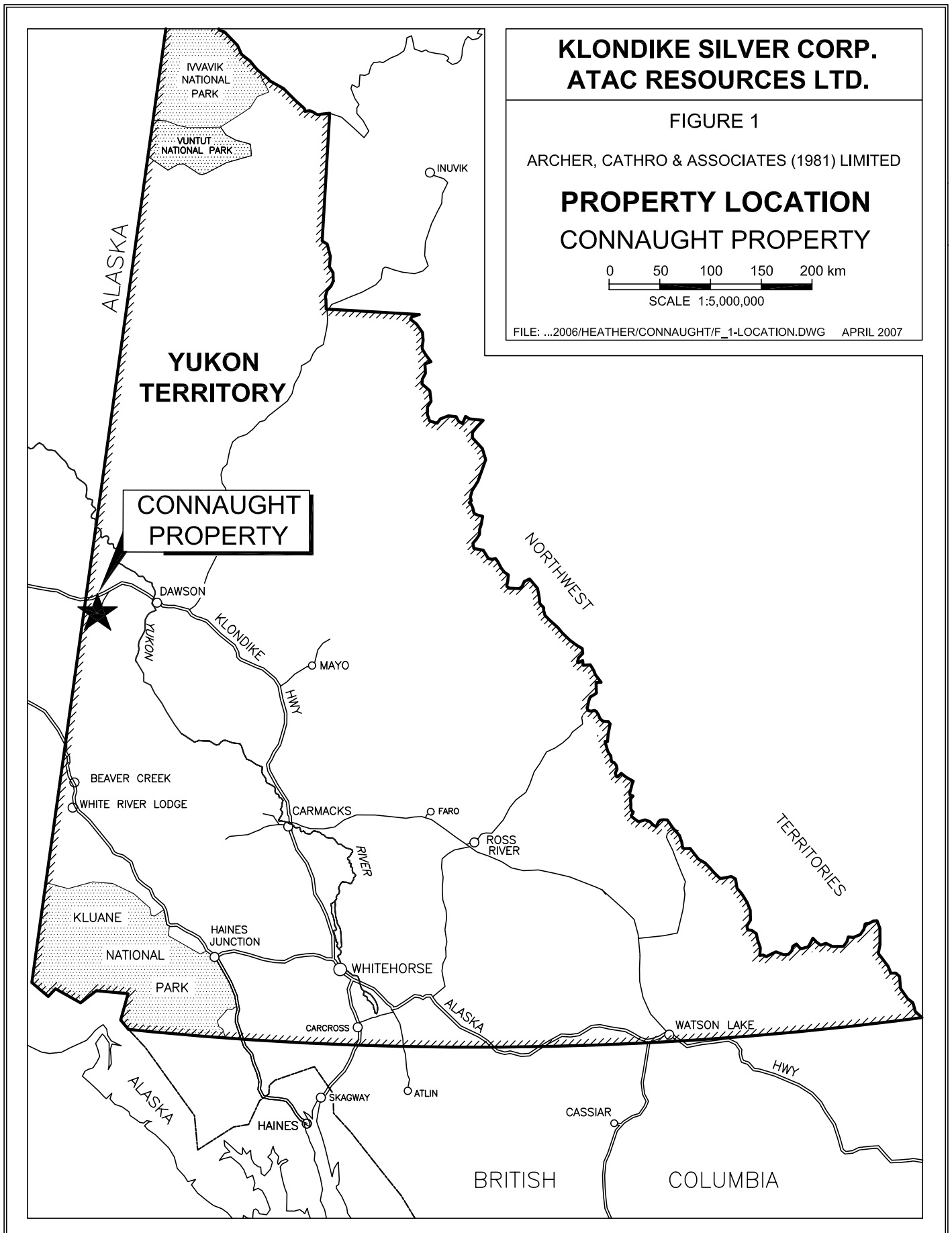
FIGURE 1

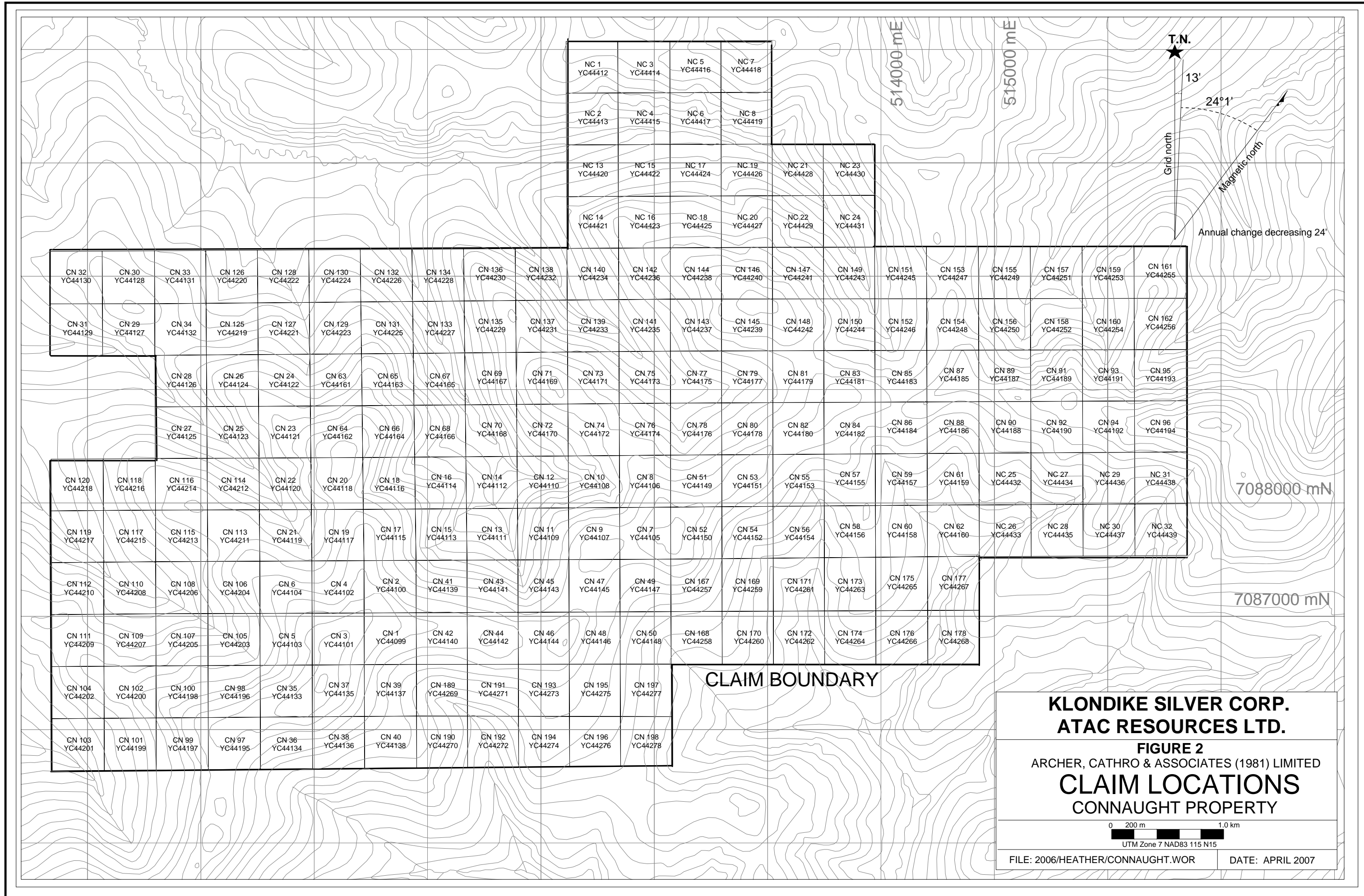
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

**PROPERTY LOCATION
CONNAUGHT PROPERTY**



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NC 1 YC44412	NC 3 YC44414	NC 5 YC44416	NC 7 YC44418
NC 2 YC44413	NC 4 YC44415	NC 6 YC44417	NC 8 YC44419

NC 13 YC44420	NC 15 YC44422	NC 17 YC44424	NC 19 YC44426	NC 21 YC44428	NC 23 YC44430
NC 14 YC44421	NC 16 YC44423	NC 18 YC44425	NC 20 YC44427	NC 22 YC44429	NC 24 YC44431

CN 32 YC44130	CN 30 YC44128	CN 33 YC44131	CN 126 YC44220	CN 128 YC44222	CN 130 YC44224	CN 132 YC44226	CN 134 YC44228	CN 136 YC44230	CN 138 YC44232	CN 140 YC44234	CN 142 YC44236	CN 144 YC44238	CN 146 YC44240	CN 147 YC44241	CN 149 YC44243	CN 151 YC44245	CN 153 YC44247	CN 155 YC44249	CN 157 YC44251	CN 159 YC44253	CN 161 YC44255
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CN 31 YC44129	CN 29 YC44127	CN 34 YC44132	CN 125 YC44219	CN 127 YC44221	CN 129 YC44223	CN 131 YC44225	CN 133 YC44227	CN 135 YC44229	CN 137 YC44231	CN 139 YC44233	CN 141 YC44235	CN 143 YC44237	CN 145 YC44239	CN 148 YC44242	CN 150 YC44244	CN 152 YC44246	CN 154 YC44248	CN 156 YC44250	CN 158 YC44252	CN 160 YC44254	CN 162 YC44256
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CN 28 YC44126	CN 26 YC44124	CN 24 YC44122	CN 63 YC44161	CN 65 YC44163	CN 67 YC44165	CN 69 YC44167	CN 71 YC44169	CN 73 YC44171	CN 75 YC44173	CN 77 YC44175	CN 79 YC44177	CN 81 YC44179	CN 83 YC44181	CN 85 YC44183	CN 87 YC44185	CN 89 YC44187	CN 91 YC44189	CN 93 YC44191	CN 95 YC44193
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CN 27 YC44125	CN 25 YC44123	CN 23 YC44121	CN 64 YC44162	CN 66 YC44164	CN 68 YC44166	CN 70 YC44168	CN 72 YC44170	CN 74 YC44172	CN 76 YC44174	CN 78 YC44176	CN 80 YC44178	CN 82 YC44180	CN 84 YC44182	CN 86 YC44184	CN 88 YC44186	CN 90 YC44188	CN 92 YC44190	CN 94 YC44192	CN 96 YC44194
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CN 120 YC44218	CN 118 YC44216	CN 116 YC44214	CN 114 YC44212	CN 22 YC44120	CN 20 YC44118	CN 18 YC44116	CN 16 YC44114	CN 14 YC44112	CN 12 YC44110	CN 10 YC44108	CN 8 YC44106	CN 51 YC44149	CN 53 YC44151	CN 55 YC44153	CN 57 YC44155	CN 59 YC44157	CN 61 YC44159	NC 25 YC44432	NC 27 YC44434	NC 29 YC44436	NC 31 YC44438
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CN 119 YC44217	CN 117 YC44215	CN 115 YC44213	CN 113 YC44211	CN 21 YC44119	CN 19 YC44117	CN 17 YC44115	CN 15 YC44113	CN 13 YC44111	CN 11 YC44109	CN 9 YC44107	CN 7 YC44105	CN 52 YC44150	CN 54 YC44152	CN 56 YC44154	CN 58 YC44156	CN 60 YC44158	CN 62 YC44160	NC 26 YC44433	NC 28 YC44435	NC 30 YC44437	NC 32 YC44439
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CN 112 YC44210	CN 110 YC44208	CN 108 YC44206	CN 106 YC44204	CN 6 YC44104	CN 4 YC44102	CN 2 YC44100	CN 41 YC44139	CN 43 YC44141	CN 45 YC44143	CN 47 YC44145	CN 49 YC44147	CN 167 YC44257	CN 169 YC44259	CN 171 YC44261	CN 173 YC44263	CN 175 YC44265	CN 177 YC44267
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CN 111 YC44209	CN 109 YC44207	CN 107 YC44205	CN 105 YC44203	CN 5 YC44103	CN 3 YC44101	CN 1 YC44099	CN 42 YC44140	CN 44 YC44142	CN 46 YC44144	CN 48 YC44146	CN 50 YC44148	CN 168 YC44258	CN 170 YC44260	CN 172 YC44262	CN 174 YC44264	CN 176 YC44266	CN 178 YC44268
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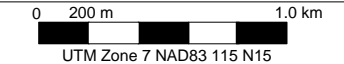
CN 104 YC44202	CN 102 YC44200	CN 100 YC44198	CN 98 YC44196	CN 35 YC44133	CN 37 YC44135	CN 39 YC44137	CN 189 YC44269	CN 191 YC44271	CN 193 YC44273	CN 195 YC44275	CN 197 YC44277
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CN 103 YC44201	CN 101 YC44199	CN 99 YC44197	CN 97 YC44195	CN 36 YC44134	CN 38 YC44136	CN 40 YC44138	CN 190 YC44270	CN 192 YC44272	CN 194 YC44274	CN 196 YC44276	CN 198 YC44278
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CLAIM BOUNDARY

**KLONDIKE SILVER CORP.
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FIGURE 2
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
CLAIM LOCATIONS
CONNAUGHT PROPERTY



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DATE: APRIL 2007

Although the veins were likely discovered in the early 1900s, the first recorded claims in the Connaught area were staked in 1965 by J. Lerner and M. Chefkoi. Geochemical sampling and bulldozer trenching were done that year under an option agreement with A. Moisey, who later transferred the claims to Sixty Mile Mining Company Ltd.

In 1966 and 1967, Sixty Mile Mining carried out additional bulldozer trenching, conducted EM surveys and shipped about 18 tonnes of hand-sorted ore from the No. 1 and No. 3 Veins to the Cominco smelter at Trail, BC (Harper, 1967).

During 1968 and 1969, the property was held under option by Connaught Mines Ltd, which completed geological mapping, geochemical sampling, bulldozer trenching and 431.8 m of diamond drilling in eight holes beneath the No. 1 and No. 3 Veins (Archer, 1969).

In 1976, Connaught transferred its interest to A.F. Tottrup, who in turn optioned the property to J. Lerner who shipped about 218 tonnes of ore from the No. 1 and No. 3 Veins to the Cominco smelter. Combined, the 1966 and 1976 shipments averaged 2228.5 g/t Ag, 60% Pb and 1.0 g/t Au. In 1979, Tottrup reoptioned the claims to Wesley Mines Ltd. but there is no record of work by that company.

In spring 1987, Croesus Resources Ltd. restaked the core of the property and later that year performed geological mapping, geochemical sampling, geophysical surveys and bulldozer trenching. Croesus then optioned the property to Red Fox Minerals Ltd., which completed 612.1 m of diamond drilling in 18 holes during 1988. The claims were subsequently transferred to Walhalla Exploration Ltd, which did 411 m of diamond drilling in one hole in 1989 (Price, 1987).

In 1998, 17363 Yukon Inc restaked the main showings and surrounding area. It conducted minor prospecting and geochemical sampling itself and had Equity Engineering Ltd. perform more geological mapping and geochemical sampling later that year (Harris, 1998).

In spring 2006, the current claim block was staked by ATAC Resources Ltd. which soon afterward optioned it to Klondike Silver Corp.

GEOMORPHOLOGY AND VEGETATION

The Connaught property is situated in the northern part of the Dawson Range about 45 km southwest of the Tintina Trench. The Dawson Range features rounded ridges and low peaks, which represent the top of an old peneplane plane that has been deeply incised by dendritic drainages. The area was not covered by continental ice sheets but there is evidence of localized alpine glaciation. The property is drained by creeks that flow into the Sixty Mile River, which is part of the Yukon River watershed.

Local elevations range from 792 m alongside the Sixty Mile River to 1493 m atop a ridge near the centre of the claim block. Terrain is subdued with gentle to moderately steep hillsides flanking broad rounded hilltops. Outcrop is rare and is mostly confined to ridge crests. In areas where drilling had been done, the rocks are typically weathered to about 30 m below surface

(Cholach, 1969). Soil development is good but there has likely been considerable soilfluction on hillsides.

Vegetation varies from mature spruce and poplar forests on the floor of the Sixty Mile River Valley through to stunted spruce and buckbrush near ridge tops. North facing slopes are often moss covered and permanently frozen, which present a significant obstacle to soil sampling, trenching and road construction.

REGIONAL GEOLOGY

Geology in the vicinity of the Connaught property was most recently mapped by Mortensen (1996) and was put into broader context by Gordey and Makepeace (1999).

The property lies between the Tintina and Denali Faults (Figure 3) within a portion of Yukon that is mostly underlain by units of the Yukon-Tanana Terrane, which comprises continental margin sediments, island arc volcanics and coeval intrusions that were metamorphosed and deformed during accretion to the North American continent during Mesozoic times.

The southern part of the region is underlain by the Late Devonian to Early Mississippian South Fiftymile Batholith (Figure 4). To the north, a low angle fault juxtaposes these metaplutonic rocks against metasediments of Late (?) Devonian to Early Mississippian Nasina Assemblage. The Nasina Assemblage exhibits mostly greenschist facies metamorphism but includes a package of amphibolite facies rocks that has been informally named the Fortymile River Assemblage. This assemblage is overlain by a klippe of Middle to Late Permian Klondike Schist Assemblage rocks and is cut by a string of Late Cretaceous granitic plugs and small stocks. North of the Sixty Mile River, geology is quite complex with thrust bounded slivers of Nasina Assemblage, Middle to Upper Paleozoic Dawson/Clinton Creek Assemblage and Late Cretaceous pebble conglomerates unconformably overlain by andesite flows and breccias of the Late Cretaceous Carmacks Volcanics.

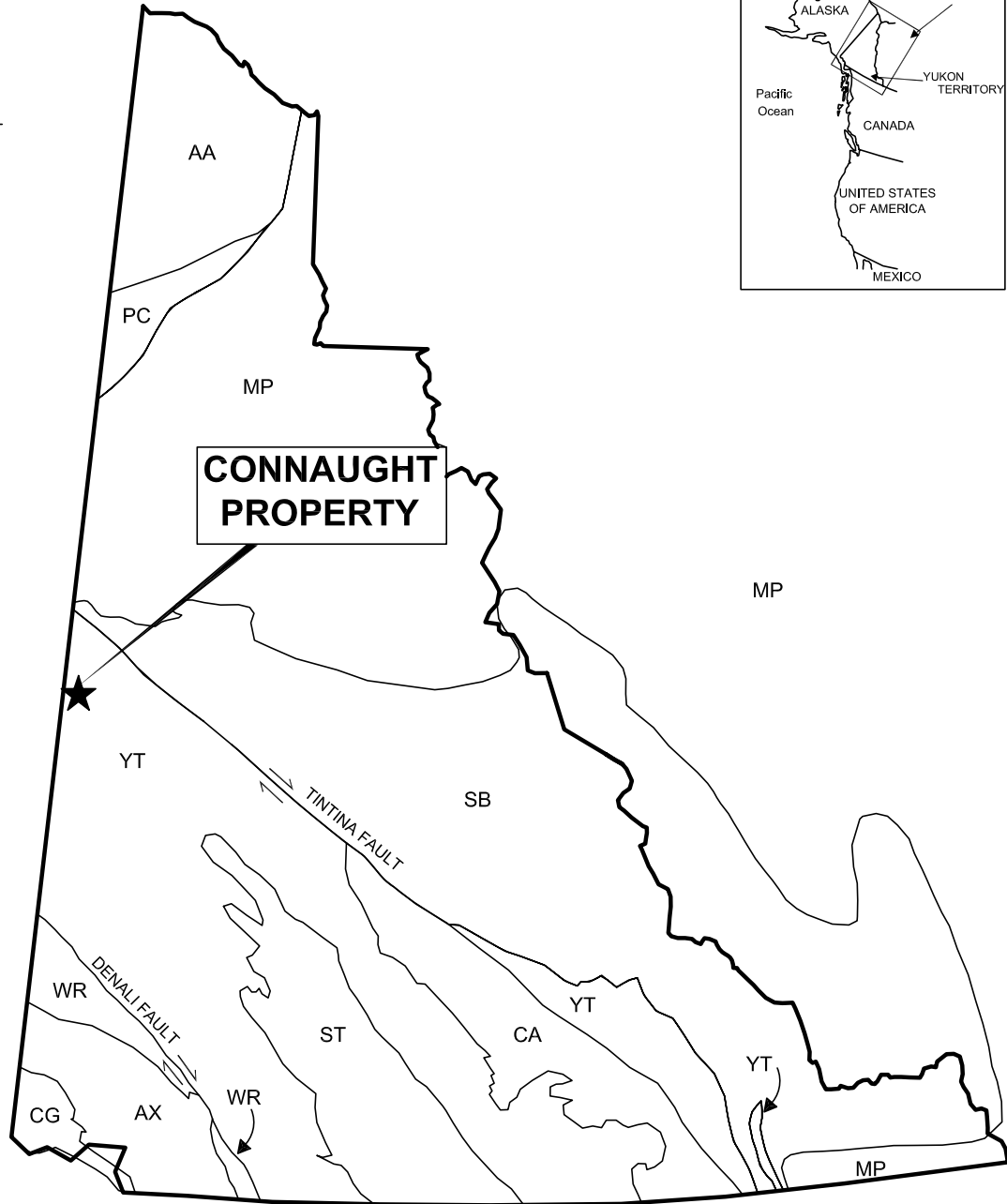
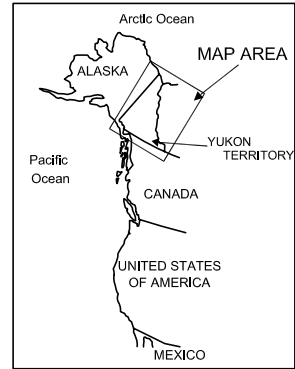
A number of large scale, northeasterly trending normal faults are present in the region and the Sixty Mile River valley bottom may mark the centre of a graben (Mortensen pers comm.).

The major lithological packages in the Sixty Mile River area (as defined by Mortensen, 1996) are described in the following paragraphs from oldest to youngest.

SOUTH FIFTYMILE BATHOLITH: moderately to strongly foliated, K-feldspar augen-bearing quartz monzonitic to granitic gneiss.

NASINA ASSEMBLAGE: Greenschist Facies: graphitic undifferentiated mainly pale to dark grey weathering, fine grained quartzite, quartz-muscovite (\pm chlorite) schist; locally garnetiferous.

FORTYMILE RIVER ASSEMBLAGE: Amphibolite Facies: medium to coarse grained mica schist, commonly garnetiferous, amphibolite, minor quartzite and medium to dark green weathering chlorite (\pm biotite) schist, amphibolite and garnet amphibolite.



ANCESTRAL NORTH AMERICA

- MP Mackenzie Platform
- SB Selwyn Basin

TERRANES
Displaced Continental Margin

- AA Arctic Alaska
- CA Cassiar
- PC Porcupine

Pericratonic Terranes

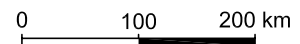
- YN Yukon-Tanana / Slide Mountain

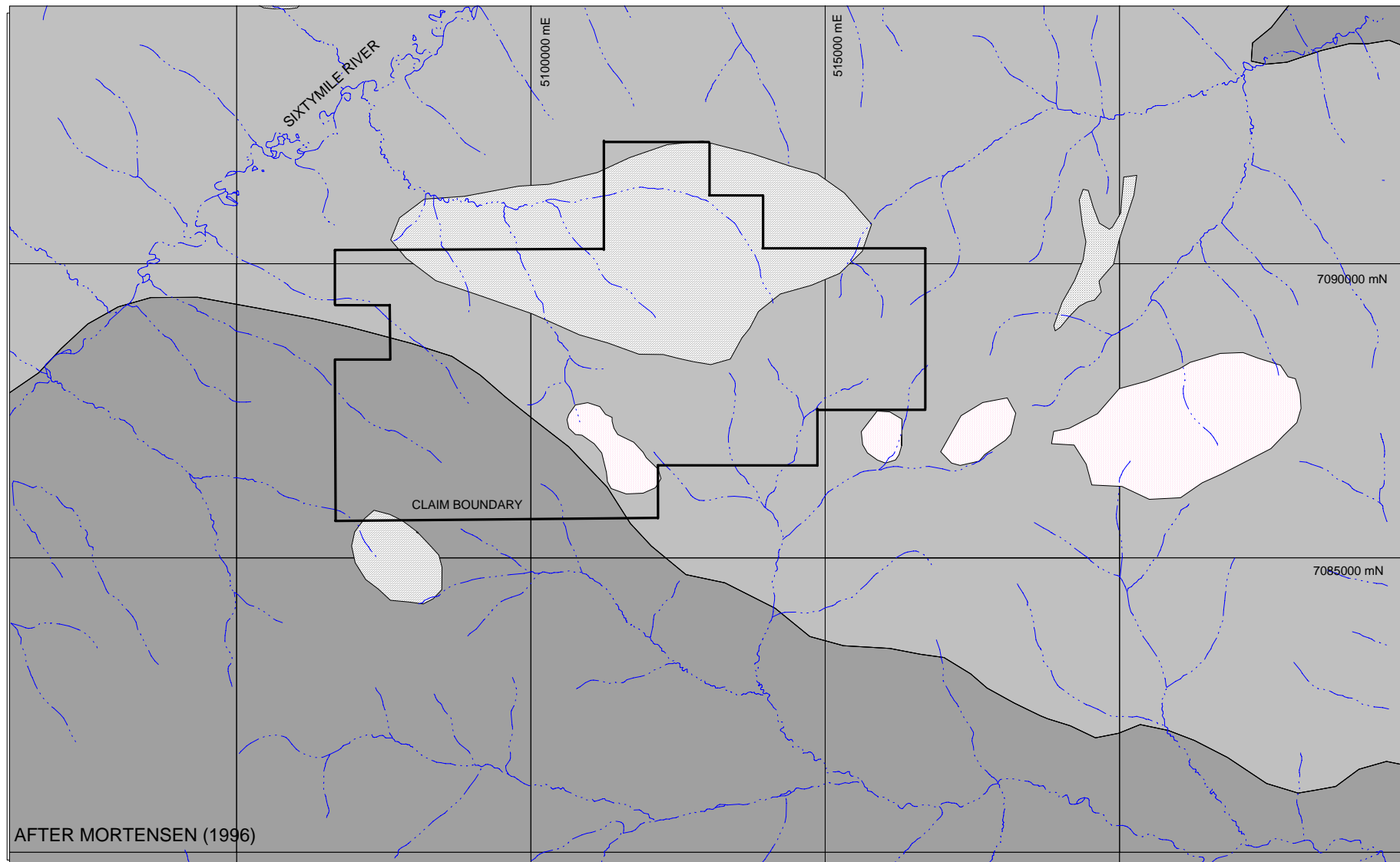
ACCRETED TERRANES

- ST Stikinia / Cache Creek
- AX Alexander
- WR Wrangellia
- CG Chugach

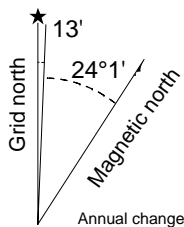
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FIGURE 3
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
TECTONIC SETTING
CONNAUGHT PROPERTY





T.N.



FORTYMILE RIVER ASSEMBLAGE

Undifferentiated amphibolite facies, medium to coarse grained mica schist, commonly garnetiferous, amphibolite and minor quartzite with medium to dark green weathering chlorite (+/- biotite) schist, amphibolite and garnet amphibolite

KLONDIKE SCHIST ASSEMBLAGE

Rusty weathering quartz-muscovite schist

SOUTH FIFTYMILE BATHOLITH

Moderately to strongly foliated K-feldspar augen-bearing quartz monzonitic to granitic gneiss

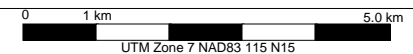
LATE CRETACEOUS PLUTONIC SUITE

Massive hornblende-biotite granodiorite

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FIGURE 4
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

**REGIONAL GEOLOGY
CONNAUGHT PROPERTY**



FILE: 2006/HEATHER/CONNAUGHT.WOR

DATE: APRIL 2007

KLONDIKE SCHIST ASSEMBLAGE: rusty weathering quartz-muscovite schist.

DAWSON/CLINTON CREEK ASSEMBLAGE: serpentinite, serpentized harzburgite, carbonatized ultramafic rock and talc-carbonate schist.

UNNAMED: massive hornblende-biotite granodiorite.

UNNAMED: sandstone, pebble conglomerate and minor shale; commonly coal-bearing.

CARMACKS VOLCANICS: andesite flows and breccias; flow-banded rhyolite and rhyolitic breccias.

PROPERTY GEOLOGY

Property geology is illustrated on Figure 5. According to Mortensen (1996), the property is mostly underlain by two lithological units: the South Fiftymile Batholith and Fortymile River Assemblage. The South Fiftymile Batholith crops out in the southwest corner of the property and consists of moderately to strongly foliated, potassium feldspar augen bearing, quartz monzonite to granitic gneiss. These rocks are in thrust contact with amphibolite facies metamorphic rocks of the Fortymile River Assemblage. The metamorphic suite comprises medium to dark green weathering chlorite (\pm biotite) schist, amphibolite and garnet amphibolite in the extreme western part of the property and medium to coarse grained, commonly garnetiferous mica schist, amphibolite and minor quartzite elsewhere on the property. The dominant foliation in the metamorphic sequence strikes 150° and dips 31° to the northeast (Cholach, 1969).

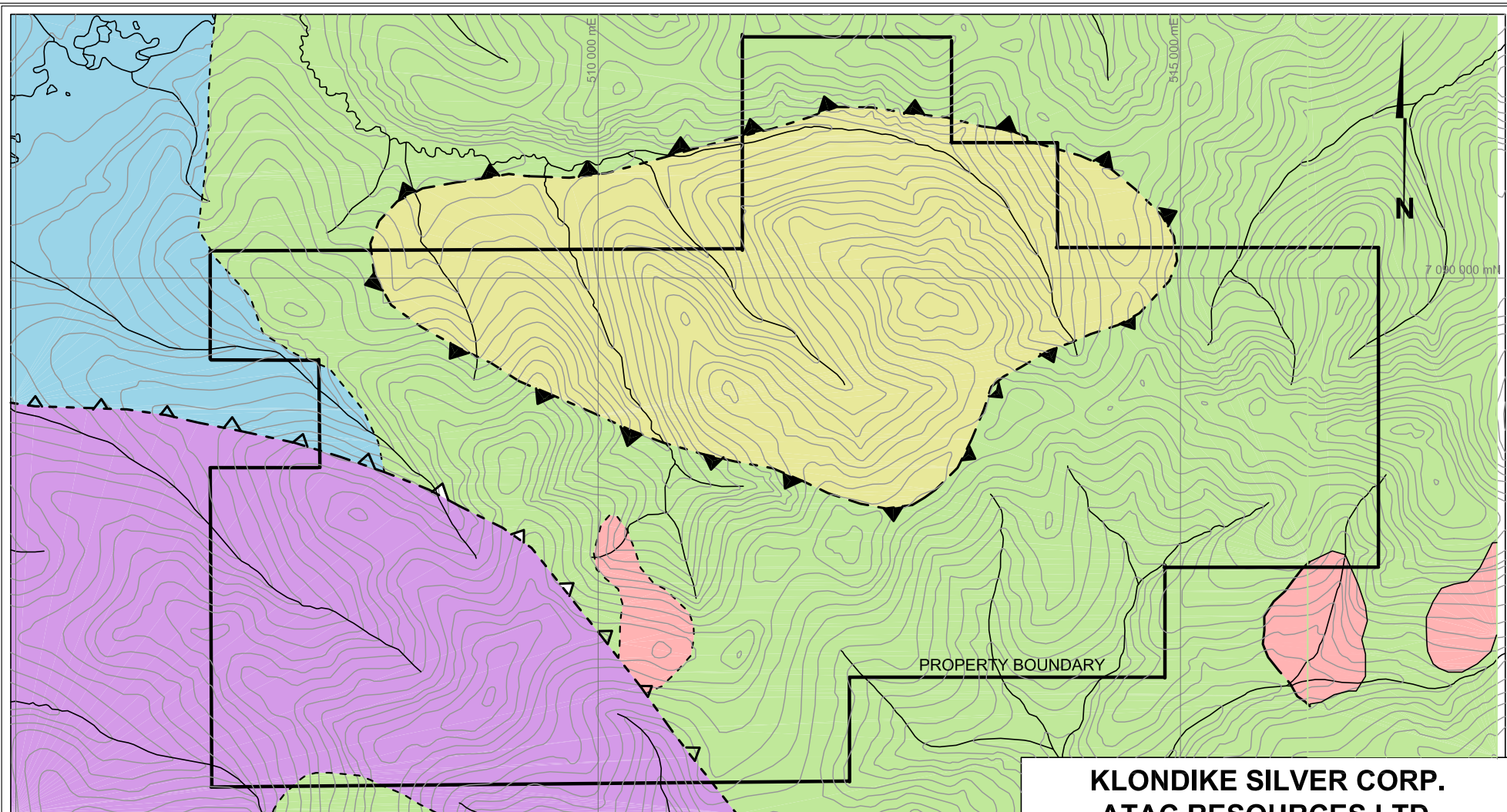
The north-central part of the property is mostly underlain by a thrust bound panel of rusty weathering quartz-muscovite schist of the Klondike Schist Assemblage. A small Late Cretaceous plug of massive hornblende-biotite granodiorite intrudes the Fortymile River Assemblage in the south-central part of the property.

Seven northeasterly trending quartz veins have been mapped on the property, all within the Fortymile River Assemblage. Vein composition is described in the Mineralization section.

MINERALIZATION

Historically, the property has been predominantly explored as a high grade lead-silver vein target modeled upon the Keno Hill district, which is located about 250 km to the east. However, porphyry and skarn mineralization have been identified on adjoining claims owned by others.

The veins exhibit coarse, comb textured, multi-episodal quartz occasionally hosting pyritic boxwork and fault gouge. Mineralization consists of anglesite after galena, arsenopyrite, scorodite \pm chalcopyrite \pm covellite \pm stibnite in a gangue of quartz, sericite, biotite \pm calcite \pm jarosite. The sulphides generally occur erratically in lenses up to 0.6 m wide (Archer, 1969). Alteration envelopes are typically developed in both the hanging wall and the footwall. They are often bright green due to oxidization of sulphides (primarily arsenopyrite to scorodite) and



FORTYMILE RIVER ASSEMBLAGE

- Amphibolite facies, medium to coarse grained mica schist, commonly garnetiferous, amphibolite and minor quartzite.
- Medium to dark green weathering chlorite (+/- biotite) schist, amphibolite and garnet amphibolite.

KLONDIKE SCHIST ASSEMBLAGE

- Rusty weathering quartz-muscovite schist.

SOUTH FIFTYMILE BATHOLITH

- Moderately to strongly foliated K-feldspar augen-bearing quartz monzonitic to granitic gneiss.

LATE CRETACEOUS PLUTONIC SUITE

- Massive hornblende-biotite granodiorite

- Contact
- -▲- - Thrust fault
- ▲- - Low angle fault
- - - Steep fault

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FIGURE 5

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

**PROPERTY GEOLOGY
CONNAUGHT PROPERTY**



FILE: ...2007/CN/F_5 - GEO.DWG

DATE: APRIL 2007

sericitization of mafic minerals. Rare bleached phyllic and argillic altered halos extend up to six metres outside the veins. The No. 1, 3 and 7 Veins strike 050 to 070° with 070° to sub-vertical dips to the south while No. 2, 4, 5, and 6 Veins strike 031 to 038° with steep southerly dips (Harris, 1998)

All veins identified on the property to date have been tested at least partially with bulldozer trenching and the No. 1, 3 and 4 Veins have received diamond drilling (Figure 6).

The following vein descriptions and tables are modified from data compiled by Harris, 1998 and include select significant results from various periods of sampling.

The **No. 1 Vein** has been delineated by 32 bulldozer trenches for roughly 220 m along strike but it is inferred to continue for at least an additional 1000 m based on anomalous soil geochemistry. The vein strikes northeast and has a sub-vertical dip. Mineralization is dominated by galena, arsenopyrite, pyrite, chalcopyrite and the usual weathered oxides and sulphates, all of which are contained within quartz-calcite gangue. Select samples collected from the vein are documented on Table I.

Table I: No. 1 Vein - Selected Results

Year	Sample Type	Width (m)	Au (g/t)	Ag (g/t)	Pb%
1998	Chip	0.5	2.57	754.0	20.6
	Specimen	0.6	3.22	55.2	1.98
	Unknown	n/a	4.11	177.6	n/a
	Unknown	n/a	0.97	2123.0	n/a
	Unknown	n/a	4.26	125.1	n/a
1969	Channel	0.43	4.11	887.9	32.0
	Channel	0.70	2.74	1745.0	42.0
	Channel	0.76	2.06	2290.0	56.8
	Channel	0.76	8.57	109.7	6.9

*n/a = data not available

The best surface samples from the No. 1 Vein reportedly returned an average grade of 781.7 g/t Ag, 19.9% Pb and 1.1 g/t Au across 1.2 m for a strike length of 45.7 m (Traynor, 2005). Similar values were obtained from the best drill interval, which yielded 998 g/t Ag, 26.5% Pb and 2.74 g/t Au across 0.67 m at a piercement approximately 40 m down hole. Due to poor documentation there is no accurate reconciliation between the various trench and diamond drill locations.

The **No. 2 Vein** has been exposed for a strike length of about 90 m along a 030° trend. It exhibits steep southerly dips averaging 76°. Vein composition is similar to the No. 1 Vein but this vein has a strongly bleached alteration halo that extends up to six metres into the footwall. Select samples are documented on Table II.

Table II: No. 2 Vein - Selected Results

Year	Sample Type	Width (m)	Au (g/t)	Ag (g/t)	Pb%
1998	Chip	0.5	1.50	93.0	2.44
	Specimen	n/a	3.23	13.8	0.19
	Specimen	n/a	n/a	2150.0	67.2
	Chip	0.68	0.74	1365.0	35.6
	Specimen	n/a	3.59	576.0	n/a

The **No. 3 Vein** has been outlined by trenching for roughly 100 m along a 067° trend with steep southerly dips between 70 and 79°. Mineralization consists of massive galena with subordinate arsenopyrite and pyrite plus traces of covellite in a multi-episodic quartz-sericite gangue. This structure was the focus of most of the historical surface work and much of the vein is now under water in pits excavated during mining. Select samples are documented in Table III.

Table III: No. 3 Vein - Selected Results

Year	Sample Type	Width (m)	Au (g/t)	Ag (g/t)	Pb%
1998	Select	n/a	0.20	2200.0	60.5
	Specimen	n/a	2.39	13.8	0.1
	Specimen	n/a	1.27	1198.0	n/a
1969	Channel	1.37	n/a	2081.0	67.8
	Drill interval	0.91	n/a	130.3	2.65

The **No. 4 Vein** has been exposed by trenching for approximately 160 m along a 035° trend and exhibits steep south dips averaging 77°. Vein mineralogy is consistent with previous descriptions. Weighted average grades calculated by Price in 1987, utilizing 1969 data for a 150 m strike length and 1.2 m width, were 624 g/t Ag, 9.34% Pb and 0.70 g/t Au. The best block within this portion of vein (50 m length and 1 m width) was calculated to have a weighted average grade of 1415 g/t Ag, 25.14% Pb and 0.80 g/t Au. These figures did not include any of the footwall veins which reportedly returned up to 1265 g/t Ag and 19.90% Pb across 0.61 m. Eight diamond drill holes traced the structure along strike for roughly 220 m at depths ranging from 10 to 30 m below surface. The vein zone was intersected in all holes and was described as fault gouge with narrow irregular sulphide bands and silicified wallrock. Selected samples are documented on Table IV.

Table IV: No. 4 Vein - Selected Results

Year	Sample Type	Width (m)	Au (g/t)	Ag (g/t)	Pb%
1998	Chip	1.3	0.57	888	17.90
	Chip	0.8	1.07	734	15.10
	Unknown	n/a	1.30	1238	n/a
1988	Drill interval	2.1	0.36	224	1.47
	Drill interval	4.7	0.21	207	1.07
	Drill interval	3.5	0.58	116	2.25
	Drill interval	2.2	0.43	371	2.15
1969	Channel	0.73	0.69	2434	34.90
	Channel	0.64	2.74	582	4.00
	Channel	1.10	1.03	1800	30.00

The **No. 5** and **No. 6 Veins** have been exposed by trenching for 150 and 200 m respectively along a northeasterly strike. Only traces of sulphide are documented within the historical excavations. Samples collected in 1998 by Harris reportedly returned up to 1909 g/t Ag and 3.34 g/t Au.

The **No. 7 Vein** consists of two subparallel veins about 10 m apart striking northeast with a sub-vertical dip. Bulldozer trenching has exposed this system for roughly 50 m and the mineralogy is consistent with the majority of the previous vein descriptions. Select samples are shown in Table V.

Table V: No. 7 Vein - Selected Results

Year	Sample Type	Width (m)	Au (g/t)	Ag (g/t)	Pb%
1998	Unknown	n/a	2.22	989.3	n/a
	Unknown	n/a	3.06	1154.0	n/a
	Unknown	n/a	0.30	3146.0	n/a
1987	Select	n/a	0.99	2004	60.83
	Chip	1.2	0.21	486	15.6
	Chip	1.7	0.45	669	21.5

GEOCHEMISTRY

In 1969 and 1998 extensive soil sampling programs were carried out in the western half of the property. Only lead values were reported from the 1969 sampling but lead, silver, arsenic and gold were reported from the 1998 program. Figure 7 shows 1969 lead geochemistry while Figures 8 to 11 illustrate the 1998 lead, silver, arsenic and gold geochemistry, respectively.

The 1969 soil grid spans an area roughly 3 by 4 km with samples taken at 25 by 25 m intervals. Two strong, linear northeasterly trending lead-in-soil anomalies are highlighted from this sampling. The shorter of the two anomalies (1.5 km) lies directly over and along strike from the No.1 Vein. The other linear anomaly is situated roughly one kilometre northwest of the No. 1 Vein, and exceeds two kilometres in length. It includes the highest lead value (3942 ppm) from the 1969 program (Archer, 1969). No follow-up work has been documented in the vicinity of this anomaly.

The 1998 soil grid covers an area 6.5 by 2.5 km of which 4 by 2.5 km are within the current claim boundary. There is a slight overlap between the two soil grids in the vicinity of the No.1 Vein. Three strong lead-in-soil anomalies with linear northeasterly trends occur in the northern half of the grid and correlate with previously mapped veins (No. 2, 4, and 6). The most significant lead anomaly occurs in the vicinity of the No. 4 Vein where one sample returned 9721 ppm. Silver, arsenic and gold are well correlated with lead on this grid. The highest values for these elements are also associated with the No. 4 Vein, with peak values of 41 ppm silver, 5793 ppm arsenic and 105 ppm gold (Harris, 1998). The anomalies associated with the No. 4 and 6 Veins on the eastern edge of the grid remain open to the northeast while the anomaly covering the No. 2 Vein is open to the north.

Figures 12 and 13 show copper and lead silt geochemistry compiled from an historical reconnaissance program conducted by Archer Cathro in the area. Two north flowing creeks in the northeast corner of the claims show moderately to strongly anomalous values to a maximum of 306 ppm copper. Other creeks in the area produced only background copper values. The strongest lead-in-silt values (up to 285 ppm) are coincident with the high copper values in the northeast corner of the claims. No veins are known in this area but VTEM response was positive as described in the following section. Nearly all samples draining the property are anomalous for lead compared to regional backgrounds.

2006 GEOPHYSICAL SURVEYS

A total of 299 line km was flown across the Connaught property between July 1 and 3, 2006. The block was flown at 200 m line spacing with five perpendicular tie lines approximately 1000 m apart. Where possible, the apparatus maintained a terrain clearance of 45 m. The survey was flown using an Astar B2 helicopter operated by Trans North Helicopters based out of Dawson.

The total magnetic field data over the survey area is characterized by moderately to strongly anomalous response within the southern half of the property flanked by low response to the north. The geometry of the magnetic anomalies does not appear to reflect the inferred local geology. However, the axes of anomalous lobes in the southernmost part of the claim block trend northeast and this area has received only cursory exploration.

Four northeast trending VTEM conductors are outlined in the central and east central parts of the property in areas that have seen very little documented exploration. Two conductors in the central part of the claim block are parallel to and along strike from the No. 4, 5 and 6 Veins. The other two conductors are in the east central part of the property and are situated near the head of a drainage that returned the strongest lead stream sediment response (285 ppm).

All conductors are of significant size ranging between 600 and 1800 m long. Data reduction is currently in process to evaluate specific targets for geometric modeling. A detailed report describing the VTEM survey is contained in Appendix II.

DISCUSSION AND CONCLUSIONS

The Connaught property hosts an extensive system of silver-gold-lead veins within a metamorphic rock suite informally named the Fortymile River Assemblage.

Rocks in the region have undergone amphibolite facies metamorphism and exhibit normal and thrust faults. Vein orientation is consistent with the orientation of normal faults in the region. The source of mineralization has not been determined; however, it is feasible that the metals were deposited by fluid movement along thrust and normal faults within a hydrothermal system powered by Late Cretaceous intrusive activity.

Grid soil geochemical sampling has identified large, relatively strong anomalies in areas of known mineralization and elsewhere, but this sampling covers less than half of the property. Silt

sampling has shown that the entire property is anomalous when compared to regional data. The strongest silt response is in the northeastern part of the property, which was not covered by grid soil sampling. No veins are known in that area. Known veins show little or no VTEM response but conductors are apparent in the area of strongest silt response.

The property definitely warrants further work, which should include an extension of the soil grid to the north and east; deepening and systematic resampling of old bulldozer trenches; new excavator trenches to explore along strike on veins and to test soil anomalies parallel to known veins and along strike; and diamond drilling beneath the best surface showings.

Respectfully submitted,

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

W.A. Wengzynowski, P. Eng

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APPENDIX I
STATEMENT OF QUALIFICATIONS

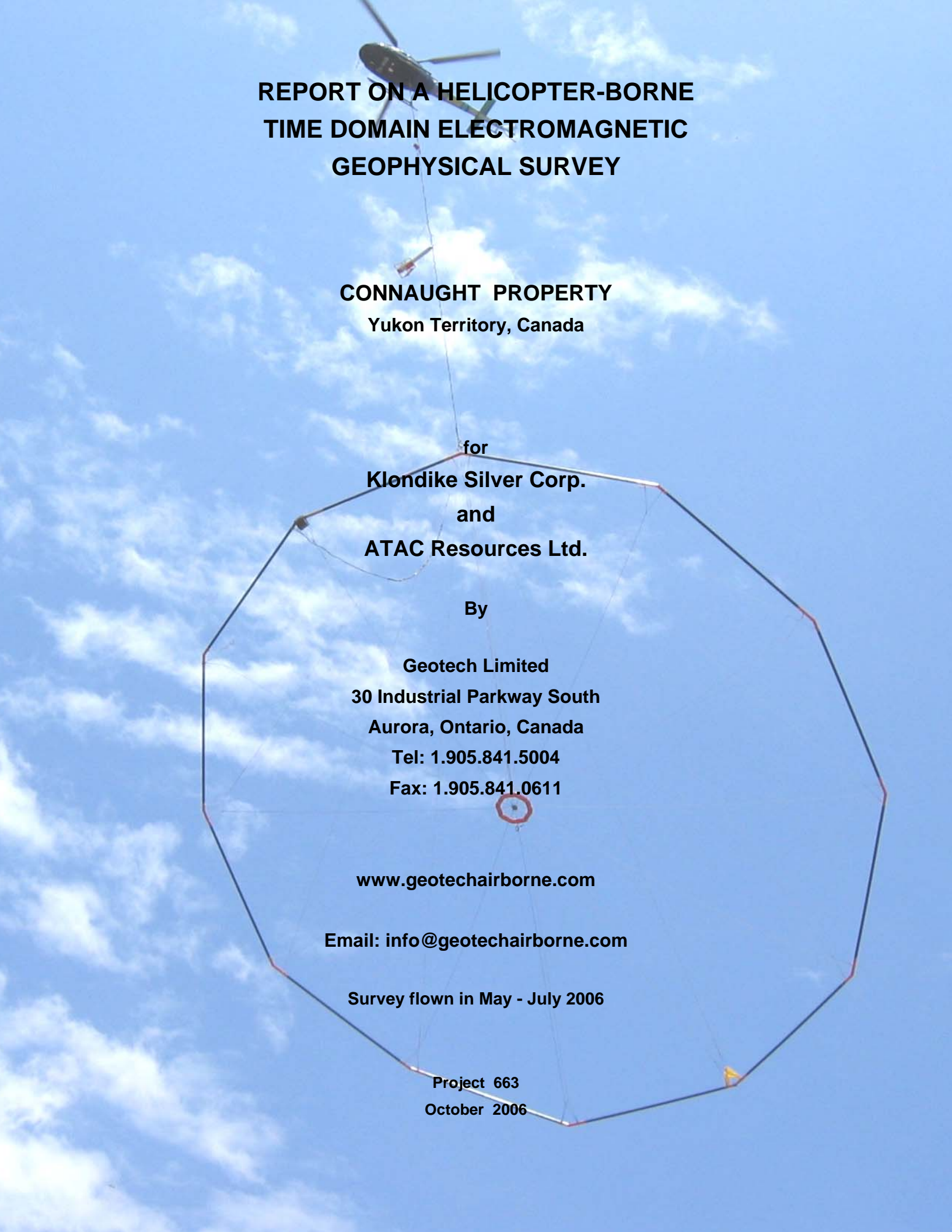
STATEMENT OF QUALIFICATIONS

I, William A. Wengzynowski, geological engineer, with business addresses in Vancouver, British Columbia and Whitehorse, Yukon Territory and residential address at 301 Fairway Drive, North Vancouver, British Columbia, V7G 1L4 do hereby certify that:

1. I am President of Archer, Cathro & Associates (1981) Limited.
2. I graduated from the University of British Columbia in 1993 with a B.A.Sc in Geological Engineering, Option I, mineral and fuel exploration.
3. I registered as a Professional Engineer in the Province of British Columbia on December 12, 1998 (Licence Number 24119).
4. From 1983 to present, I have been actively engaged in mineral exploration in the Yukon Territory, Northwest Territories, northern British Columbia and Mexico.
5. I have personally participated in and supervised the fieldwork reported herein.

William A. Wengzynowski, B.A.Sc., P. Eng.

APPENDIX II
GEOPHYSICAL REPORT BY GEOTECH LTD.



**REPORT ON A HELICOPTER-BORNE
TIME DOMAIN ELECTROMAGNETIC
GEOPHYSICAL SURVEY**

CONNAUGHT PROPERTY
Yukon Territory, Canada

for
Klondike Silver Corp.
and
ATAC Resources Ltd.

By

Geotech Limited
30 Industrial Parkway South
Aurora, Ontario, Canada
Tel: 1.905.841.5004
Fax: 1.905.841.0611

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Email: info@geotechairborne.com

Survey flown in May - July 2006

Project 663
October 2006

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REPORT ON A HELICOPTER-BORNE TIME DOMAIN ELECTROMAGNETIC SURVEY

Connaught Property, Yukon Territory, Canada

Executive Summary

During the period of May 20th to July 8th, 2006, Geotech Limited carried out a helicopter-borne geophysical survey for Strategic Metals Ltd. over ten blocks located in the Yukon Territory, Canada, including Connaught Property.

Principal geophysical sensors included a versatile time domain electromagnetic system (VTEM) and a cesium magnetometer. Ancillary equipment included a GPS navigation system and a radar altimeter. A total of 2750.77 line-km. were flown, including 299 line-km. for Connaught Property.

In-field data processing involved quality control and compilation of data collected during the acquisition stage, using the in-field processing centre established at survey bases. Preliminary and final data processing, including generation of final digital data products was done at the office of Geotech Limited in Aurora, Ontario.

The processed survey results are presented as total magnetic field grid and electromagnetic stacked profiles.

Digital data includes all electromagnetic and magnetic products plus positional, altitude and raw data.

1. INTRODUCTION

1.1. *General Considerations*

These services are the result of the Agreement made between Geotech Limited and Strategic Metals Ltd., to perform a helicopter-borne geophysical survey over the multiple blocks, located in Yukon Territory, Canada, including **Connaught Property**.

2750.77 line-km of geophysical data were acquired during the survey.

The survey coordinates for **Connaught Property** are as shown in Appendix A.

The crew was based in various locations in Yukon Territory for the acquisition phase of the survey, as shown in Section 2 of this report.

The helicopter was obtained from TransNorth Helicopters for the duration of the survey. Multiple fuel caches were arranged.

Survey flying was completed on July 8th, 2006. Preliminary data processing was carried out daily during the acquisition phase of the project. Final data presentation and data archiving was completed in the Aurora office of Geotech Limited in November 2006.

1.2. *Survey and System Specifications*

The **Connaught Property** survey block was flown at a nominal traverse line spacing of 200 metres.

Tie lines were flown perpendicular to traverse lines at approximately 1500 metres, as shown in Section 2 of this report.

Where suitable, survey lines were extended beyond original block boundary to reach the minimum length of 3 km.

Where possible, the helicopter maintained a mean terrain clearance of 80 metres, which translated into an average height of 45 metres above ground for the bird-mounted VTEM system and 45 metres for the magnetic sensor.

The survey was flown using an Astar B2 helicopter, registration C-GTNU, operated by TransNorth Helicopters Limited. Details of the survey specifications may be found in Section 2 of this report.

1.3. Data Processing and Final Products

Data compilation and processing were carried out by the application of Geosoft OASIS Montaj and programs proprietary to Geotech Limited.

Database, grid and maps of final products were presented to Klondike Silver Corp. and ATAC Resources Ltd.

The survey report describes the procedures for data acquisition, processing, final image presentation and the specifications for the digital data set.

1.4. Topographic Relief

The **Connaught Property** survey block location is shown on the location map (Appendix A).

The block is approximately 20 km. SE of Chicken (Hwy. 9 and the Alaska border).

Topographically, the block exhibits a rugged mountainous relief, with an elevation range of 750 metres to 1500 metres above sea level.

The survey area slopes up from a river south to a mountainous area.

2. DATA ACQUISITION

2.1. Survey Area

The survey block (see location map, Appendix A) and general flight specifications are as follows:

Survey areas	Line /Tie spacing (m)	Line /Tie - km	Line / Tie direction	Line number	Line KM
Connaught	200	266.9	N37W	1010 - 1560	299.4
	1500	32.5	N53E	2910 - 2950	

Table 1 - Survey block

The survey block boundary is shown in Appendix B.

2.2. Survey Operations

Survey operations were based in several locations in the Yukon Territory for the acquisition phase of the survey, including Dawson City for the **Connaught Property**. The following table shows the timing of the various flights.

Connaught Property was flown along with other blocks in the same vicinity.

Date	Flights	Production	Block	Crew location	REMARK
20-May		0		Whitehorse	Mobilization to Whitehorse
21-May		0		Whitehorse	Assembly of system
22-May		0		Whitehorse	Helicopter installation, test flight
23-May		0		Teslin	Mobilization to Teslin - no production
24-May		0		Teslin	No production due to weather
25-May	1,2,3	109.5	BAR	Teslin	
26-May	4, 1, 2	161.09	BAR, CONVERT	Teslin	
27-May	7,8	95.62	CONVERT	Teslin	flying aborted – due to weather
28-May	9	18.83	BAR	Teslin	flying aborted – due to weather
29-May		0		Watson Lake	move to Watson lake, prepare fuel cache
30-May	10, 11, 12	118.74	SIM	Watson Lake	
31-May	13, 14, 15	109.46	SIM, 4C	Watson Lake	
01-Jun	16, 17, 18	87.97	4C	Watson Lake	flying aborted – due to rough terrain
02-Jun	19	5.38	SIM	Ross River	Re-flight
03-Jun	20	91.37	TIDD	Ross River	flying aborted – due to weather
04-Jun		0		Ross River	No production due to weather
05-Jun	21, 22, 23	270.54	TIDD	Ross River	
06-Jun	24, 25, 26	194.78	TIDD	Ross River	flying aborted – due to weather
07-Jun	27, 28, 29	269.91	TIDD	Ross River	
08-Jun	30,31	92.81	TIDD	Ross River	rough terrain
09-Jun		0		Ross River	
21-Jun		0		Mayo	Ferry flights, move fuel to MARG
22-Jun		0		Mayo	No production due to weather
23-Jun	1, 2	84.68	MARG	Mayo	flying aborted – due to weather
24-Jun	3,4,5	158.36	MARG	Mayo	
25-Jun	6,7	123.1	MARG	Mayo	
26-Jun		0		Dawson City	No production due to weather
27-Jun		0		Dawson City	No production due to weather
28-Jun	1,2,3	111	MIC	Dawson City	flying aborted – due to weather
29-Jun	3,4	139.51	MIC, MAG	Dawson City	
30-Jun	5,6,7	115.74	MAG	Dawson City	flying aborted – due to weather
01-Jul	7,8	101.59	CN	Dawson City	
02-Jul	9	76.63	CN	Dawson City	flying aborted – due to weather
03-Jul	10, 11	121.16	CN	Dawson City	
04-Jul	1,2	66	PAN	Dawson City	
05-Jul	3	3	PAN	Dawson City	Test flights
06-Jul	4	24	PAN	Dawson City	
07-Jul		0			helicopter inspection
08-Jul		0		Burwash	Burwash Block cancelled due to rough topo

Table 2 - Survey schedule

2.3. Flight Specifications

The nominal EM sensor terrain clearance was 45 m (EM bird height above ground, i.e. helicopter is maintained 80 m above ground). Nominal survey speed was 80 km/hour. The data recording rates of the data acquisition was 0.1 second for electromagnetics and magnetometer, 0.2 second for altimeter and GPS. This translates to a geophysical reading about every 2 metres along flight track. Navigation was assisted by a GPS receiver and data acquisition system, which reports GPS co-ordinates as latitude/longitude and directs the pilot over a pre-programmed survey grid.

The operator was responsible for the monitoring of the system integrity. He also maintained a detailed flight log during the survey, tracking the times of the flight as well as any unusual geophysical or topographic feature.

On return of the aircrew to the base camp the survey data was transferred from a compact flash card (PCMCIA) to the data processing computer.

2.4. Aircraft and Equipment

2.4.1. Survey Aircraft

An Astar B2 helicopter, registration C-GTNU - owned and operated by TransNorth Helicopters Ltd. was used for the survey. Installation of the geophysical and ancillary equipment was carried out by Geotech Ltd.

2.4.2. Electromagnetic System

The electromagnetic system was a Geotech Versatile Time Domain EM (VTEM) system. The layout of the configuration used for this survey is as indicated in Figure 1 below.

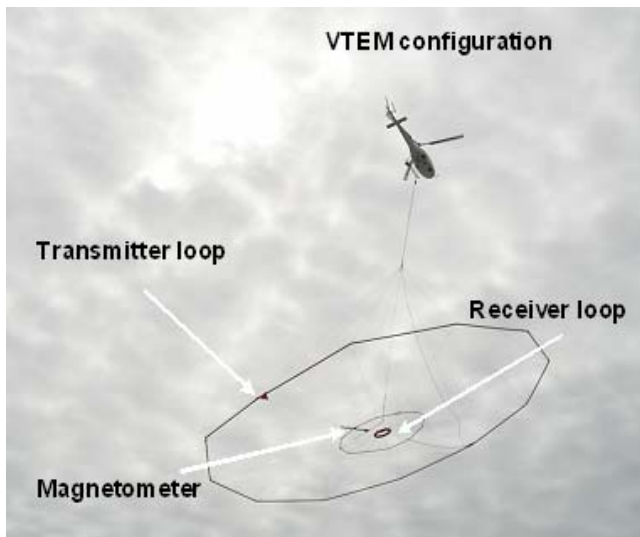


Figure 1 - VTEM Configuration

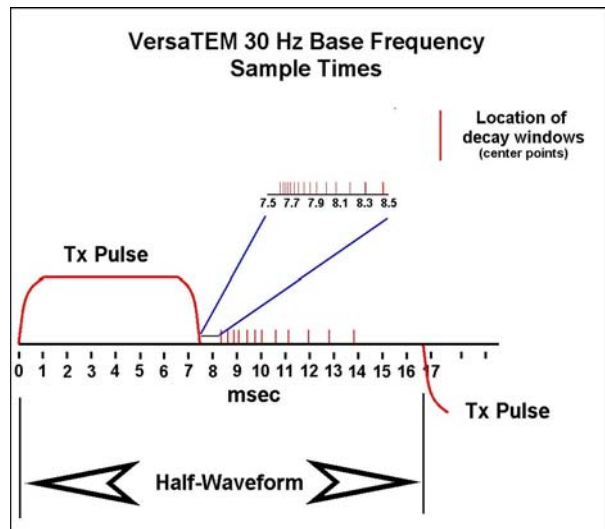


Figure 2 - VTEM sample times

Receiver and transmitter coils are concentric and Z-direction oriented.

The receiver decay recording scheme is shown diagrammatically in Figure 2.

Twenty-six measurement gates were used in the range from 130 μ s to 7540 μ s, as shown in the following table.

VTEM Decay Sampling scheme (Microseconds)			
Time gate	Start	End	Width
130	120	140	20
150	140	160	20
170	160	180	20
190	180	205	25
220	205	240	35
260	240	280	40
300	280	325	45
350	325	380	55
410	380	445	65
480	445	525	80
570	525	625	100
680	625	745	120
810	745	885	140
960	885	1045	160
1130	1045	1235	190
1340	1235	1470	235
1600	1470	1750	280
1900	1750	2070	320
2240	2070	2450	380
2660	2450	2920	470
3180	2920	3480	560
3780	3480	4120	640
4460	4120	4880	760
5300	4880	5820	940
6340	5820	6860	1040
7540	6860	8220	1360

Table 3 - VTEM decay sampling scheme

Transmitter coil diameter was 26 metres, the number of turns was 4.
Transmitter pulse repetition rate was 30 Hz.
Peak current was 167 A.
Duty cycle was 37%.
Peak dipole moment was 355,000 NIA.

Receiver coil diameter was 1.2 metre, the number of turns was 100.
Receiver effective area was 113 m²
Wave form – trapezoid.
Recording sampling rate was 10 samples per second.

The EM bird was towed 35 m below the helicopter.

2.4.3. Airborne magnetometer

The magnetic sensor utilized for the survey was a Geometrics optically pumped cesium vapour magnetic field sensor, mounted in a separate bird towed at the same altitude as the EM sensor. The sensitivity of the magnetic sensor is 0.02 nanoTesla (nT) at a sampling interval of 0.1 seconds. The magnetometer sends the measured magnetic field strength as nanoTeslas to the data acquisition system via the RS-232 port.

2.4.4. Ancillary Systems

2.4.4.1. Radar Altimeter

A Terra TRA 3000/TRI 40 radar altimeter was used to record terrain clearance. The antenna was mounted beneath the bubble of the helicopter cockpit.

2.4.4.2. GPS Navigation System

The navigation system used was a Geotech PC based navigation system utilizing a NovAtel's WAAS enable OEM4-G2-3151W GPS receiver, Geotech navigate software, a full screen display with controls in front of the pilot to direct the flight and an NovAtel GPS antenna mounted on the helicopter tail.

The co-ordinates of the block were set-up prior to the survey and the information was fed into the airborne navigation system.

2.4.4.3. Digital Acquisition System

A Geotech data acquisition system recorded the digital survey data on an internal compact flash card. Data is displayed on an LCD screen as traces to allow the operator to monitor the integrity of the system. Contents and update rates were as follows:

DATA TYPE	SAMPLING
TDEM	0.1 sec
Magnetometer	0.1 sec
GPS Position	0.2 sec
Radar Altimeter	0.2 sec

Table 4 - Sampling Rates

2.4.5. Base Station

A combine magnetometer/GPS base station was utilized on this project. A Geometrics Cesium vapour magnetometer was used as a magnetic sensor with a bench sensitivity of 0.002 nT. The base station records the magnetic field together with the GPS time at 1 Hz on a base station computer. The base station magnetometer sensor was installed away from electric transmission lines and moving ferrous objects such as motor vehicles. The magnetometer base station's data was backed-up to the data processing computer at the end of each survey day.

3. PERSONNEL

The following Geotech Ltd. personnel were involved in the project.

Field

Crew chiefs / Operators: Graeme Lille, Calin Cosma, Brad Marsh

The survey pilot and the mechanic engineer were employed directly by the helicopter operator – TransNorth Helicopters.

Pilots: Stephen Soubliere,
Mechanical Engineer: Margo Hager

Office

Data Processing: Harish Kumar
Data Processing / Reporting: George Lev
Data Technician: Maria Jagodkin

Final data processing at the office of Geotech Limited in Aurora, Ontario was carried out under the supervision of Andrei Bagrianski, Data Processing Manager.

Overall management of the survey was carried out from the Aurora office of Geotech Ltd. by Edward Morrison, President.

4. DATA PROCESSING AND PRESENTATION

4.1. *Flight Path*

The flight path, recorded by the acquisition program as WGS 84 latitude/longitude, was converted into the UTM coordinate system in Oasis Montaj.

The flight path was drawn using linear interpolation between x, y positions from the navigation system. Positions are updated every second and expressed as UTM eastings (x) and UTM northings (y).

4.2. *Electromagnetic Data*

A three stage digital filtering process was used to reject major spheric events and to reduce system noise. Local spheric activity can produce sharp, large amplitude events that cannot be removed by conventional filtering procedures. Smoothing or stacking will reduce their amplitude but leave a broader residual response that can be confused with geological phenomena. To avoid this possibility, a computer algorithm searches out and rejects the major spheric events. The filter used was a 16 point non-linear filter.

The signal to noise ratio was further improved by the application of a low pass linear digital filter. This filter has zero phase shift which prevents any lag or peak displacement from occurring, and it suppresses only variations with a wavelength less than about 1 second or 20 metres. This filter is a symmetrical 1 sec. linear filter.

The results are presented as stacked profiles of EM voltages for the gate times, in logarithmic scale.

Generalized modeling results of the VTEM system, written by Geophysicist Roger Barlow, are shown in Appendix C.

The VTEM output voltage of the receiver coil is shown in Appendix D.

4.3. Magnetic Data

The processing of the magnetic data involved the correction for diurnal variations by using the digitally recorded ground base station magnetic values. The base station magnetometer data was edited and merged into the Geosoft GDB database on a daily basis. The aeromagnetic data was corrected for diurnal variations by subtracting the observed magnetic base station deviations.

Tie line levelling was carried out by adjusting intersection points along the traverse lines. A micro-levelling procedure was then applied. This technique is designed to remove persistent low-amplitude components of flight-line noise remaining after tie line levelling.

The corrected magnetic data was interpolated between survey lines using a random point gridding method to yield x-y grid values for a standard grid cell size of approximately 0.2 cm. at the mapping scale. The Minimum Curvature algorithm was used to interpolate values onto a rectangular regular spaced grid.

5. DELIVERABLES

5.1. *Survey Report*

The survey report describes the data acquisition, processing, and final presentation of the survey results.

The survey report is provided in two paper copies and digitally in WORD format.

5.2. *Maps*

Final maps were produced at a scale of 1:20,000 for the **Connaught Property**. The coordinate/projection system used was the WGS84, UTM zone 7 north. All maps show the flight path trace. Latitude and longitude are also noted on maps.

The following maps are presented to Klondike Silver Corp. and ATAC Resources Ltd. on paper as results of the helicopter-borne geophysical survey carried out over the **Connaught Property**.

- Total Magnetic Field contours and colour images
- Logarithmic scale VTEM profiles, Time Gates 0.22 - 6.34 ms

5.3. *Gridded Data*

Total Magnetic Field grid is provided to Klondike Silver Corp. and ATAC Resources Ltd. in Geosoft GRD format. Grid cell size was adjusted to suit the parameters of the individual block.

For traverse line spacing of 200 metres, 20 m grid cell size was used.

5.4. Digital Data

There are three (3) main directories,

Data contains a database, grid and maps, as described below.

Report contains a copy of the report in WORD format and appendices in PDF format.

VTEM_fp_GoogleEarth contains kmz file containing flightpath of the Connaught Property.

Free version of Google Earth software can be downloaded from, <http://earth.google.com/download-earth.html>

- Database in Geosoft GDB format, containing the following channels:

X:	X positional data (metres – WGS84, utm zone 7 north)
Y:	Y positional data (metres – WGS84, utm zone 7 north)
Z:	GPS antenna elevation (metres - ASL) (on the tail of the helicopter)
Gtime1:	GPS time (seconds of the day)
Radar:	Helicopter terrain clearance from radar altimeter (metres - AGL)
DEM:	Digital elevation model (metres)
Mag1:	Raw Total Magnetic field data (nT)
Basemag:	Base station magnetic data (nT)
Mag2:	Total Magnetic field base station corrected data (nT)
Mag3:	Levelled Total Magnetic field data (nT)
C130f:	Raw 130 microsecond time channel (pV/A/m ⁴)
C150f:	Raw 150 microsecond time channel (pV/A/m ⁴)
C170f:	Raw 170 microsecond time channel (pV/A/m ⁴)
C190f:	Raw 190 microsecond time channel (pV/A/m ⁴)
C220f:	Raw 220 microsecond time channel (pV/A/m ⁴)
C260f:	Raw 260 microsecond time channel (pV/A/m ⁴)
C300f:	Raw 300 microsecond time channel (pV/A/m ⁴)
C350f:	Raw 350 microsecond time channel (pV/A/m ⁴)
C410f:	Raw 410 microsecond time channel (pV/A/m ⁴)
C480f:	Raw 480 microsecond time channel (pV/A/m ⁴)
C570f:	Raw 570 microsecond time channel (pV/A/m ⁴)
C680f:	Raw 680 microsecond time channel (pV/A/m ⁴)

C810f:	Raw 810 microsecond time channel (pV/A/m ⁴)
C960f:	Raw 960 microsecond time channel (pV/A/m ⁴)
C1130f:	Raw 1130 microsecond time channel (pV/A/m ⁴)
C1340f:	Raw 1340 microsecond time channel (pV/A/m ⁴)
C1600f:	Raw 1600 microsecond time channel (pV/A/m ⁴)
C1900f:	Raw 1900 microsecond time channel (pV/A/m ⁴)
C2240f:	Raw 2240 microsecond time channel (pV/A/m ⁴)
C2660f:	Raw 2660 microsecond time channel (pV/A/m ⁴)
C3180f:	Raw 3180 microsecond time channel (pV/A/m ⁴)
C3780f:	Raw 3780 microsecond time channel (pV/A/m ⁴)
C4460f:	Raw 4460 microsecond time channel (pV/A/m ⁴)
C5300f:	Raw 5300 microsecond time channel (pV/A/m ⁴)
C6340f:	Raw 6340 microsecond time channel (pV/A/m ⁴)
C7540f:	Raw 7540 microsecond time channel (pV/A/m ⁴)
PLinef:	Power line monitor (linear trend removed)

- Grids in Geosoft GRD format, as follow,

CN_magfin: Total Magnetic field (nT)

A Geosoft .GRD file has a .GI metadata file associated with it, containing grid projection information.

- Maps at 1:20,000 scale in Geosoft MAP format, as follow,

CN_magfin: Total Magnetic Field image and contours

CN_EM-LP: Logarithmic scale profiles, Time Gates 0.22 – 6.34 ms

- ASCII file VTEM WaveForm.xyz in Geosoft format containing the following channel:

Volt: output voltage of the receiver coil
(volts, sampling rate 20 microseconds)

- A *readme.txt* file describing the content of digital data, as described above.

6. CONCLUSIONS

A versatile time domain electromagnetic helicopter-borne geophysical survey has been completed over 10 blocks located in the Yukon Territory, Canada, including **Connaught Property.**

Total survey line coverage is 2750.77 line kilometres, including 299 line-km. for the **Connaught Property.** The principal sensors included a Time Domain EM system and a magnetometer. Results have been presented as colour contour maps and stacked profiles.

Final data processing at the office of Geotech Limited in Aurora, Ontario was carried out under the supervision of Andrei Bagrianski, Data Processing Manager.

Respectfully submitted,

Marta Orta
on behalf of

George Lev
Geotech Limited
November 8, 2006

APPENDIX A

SURVEY BLOCK LOCATION MAP



APPENDIX B
SURVEY BLOCK COORDINATES

(WGS 84, UTM zone 7N)

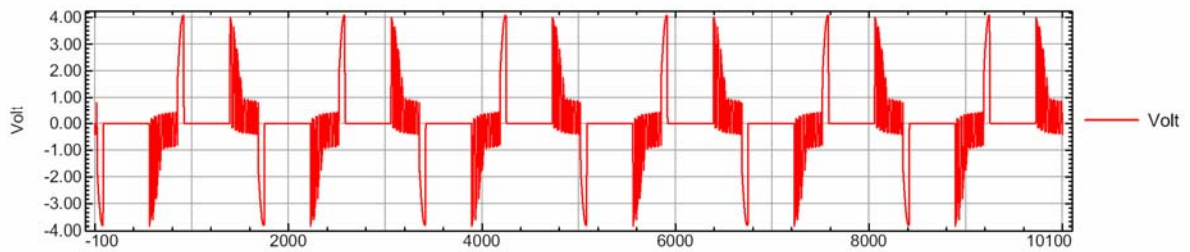
CONNAUGHT	
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505751.0	7091160.0
512141.0	7091142.0
512141.0	7090703.0
513054.0	7090719.0
513052.0	7090254.0
516682.7	7090277.3
516689.4	7088456.0
514861.9	7088440.1
514873.9	7086579.9
512151.4	7086574.3
512154.8	7085675.4

APPENDIX C

General Modeling Results of the VTEM Stysem

APPENDIX D
VTEM WAVE FORM

VTEM Waveform, May - July 2006



GENERALIZED MODELING RESULTS OF THE VTEM SYSTEM

Introduction

The VTEM system is based on a concentric or central loop design, whereby, the receiver is positioned at the centre of a 26.1 metres diameter transmitter loop that produces a dipole moment up to 625,000 NIA at peak current. The wave form is a bi-polar, modified square wave with a turn-on and turn-off at each end. With a base frequency of 30 Hz, the duration of each pulse is approximately 7.5 milliseconds followed by an off time where no primary field is present.

During turn-on and turn-off, a time varying field is produced (dB/dt) and an electro-motive force (emf) is created as a finite impulse response. A current ring around the transmitter loop moves outward and downward as time progresses. When conductive rocks and mineralization are encountered, a secondary field is created by mutual induction and measured by the receiver at the centre of the transmitter loop.

Measurements are made during the off-time, when only the secondary field (representing the conductive targets encountered in the ground) is present.

Efficient modeling of the results can be carried out on regularly shaped geometries, thus yielding close approximations to the parameters of the measured targets. The following is a description of a series of common models made for the purpose of promoting a general understanding of the measured results.

Variation of Plate Depth

Geometries represented by plates of different strike length, depth extent, dip, plunge and depth below surface can be varied with characteristic parameters like conductance of the target, conductance of the host and conductivity/thickness and thickness of the overburden layer.

Diagrammatic models for a vertical plate are shown in figures A and G at two different depths, all other parameters remaining constant. With this transmitter-receiver geometry, the classic M shaped response is generated. Figure A shows a plate where the top is near surface. Here, amplitudes of the dual peaks are higher and symmetrical with the zero centre positioned directly above the plate. Most important is the separation distance of the peaks. This distance is small when the plate is near surface and widens with a linear relationship as the plate (depth to top) increases. Figure G shows a much deeper plate where the separation distance of the peaks is much wider and the amplitudes of the channels have decreased.

Variation of Plate Dip

As the plate dips and departs from the vertical position, the peaks become asymmetrical. Figure B shows a near surface plate dipping 80°. Note that the direction of dip is toward the high shoulder of the response and the top of the plate remains under the centre minimum.

As the dip increases, the aspect ratio (Min/Max) decreases and this aspect ratio can be used as an empirical guide to dip angles from near 90° to about 30°. The method is not sensitive enough where dips are less than about 30°. Figure E shows a plate dipping 45° and, at this angle, the

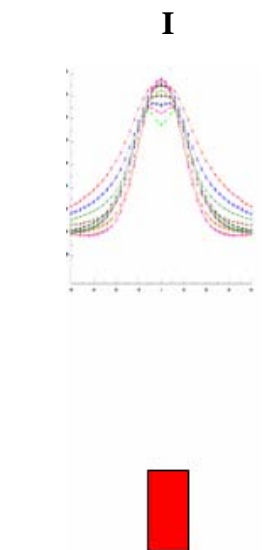
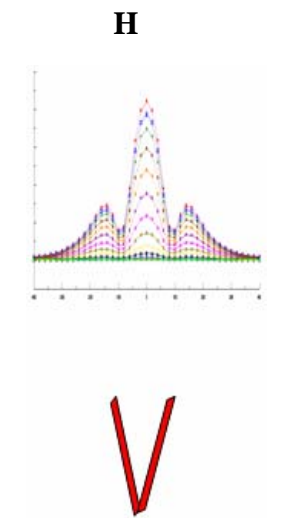
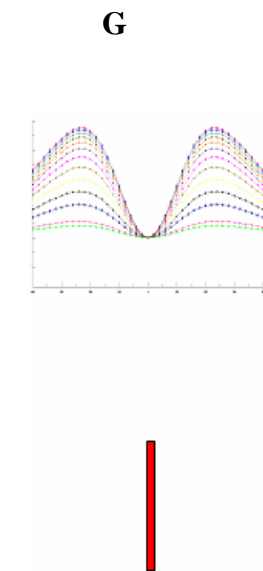
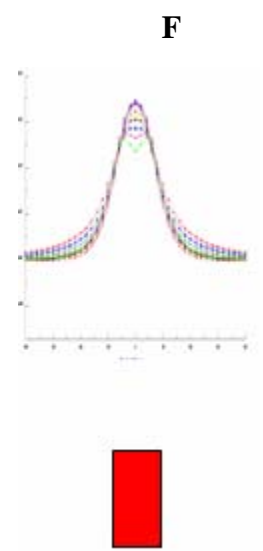
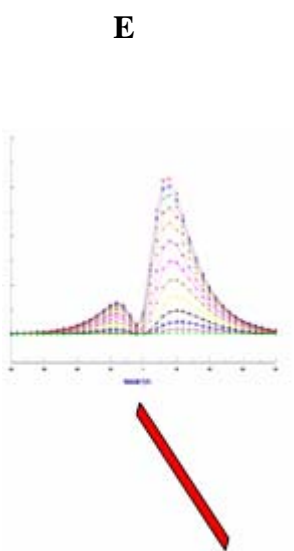
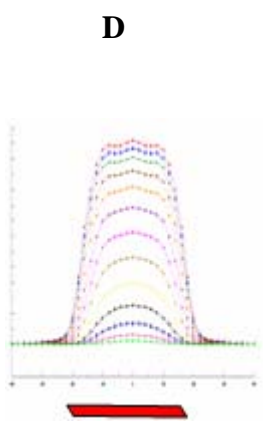
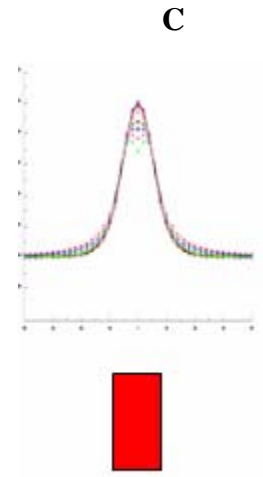
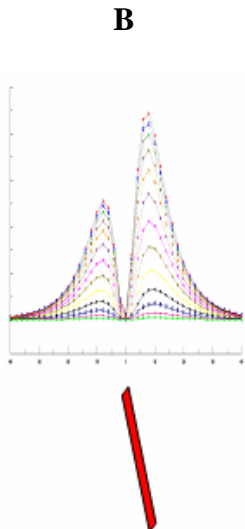
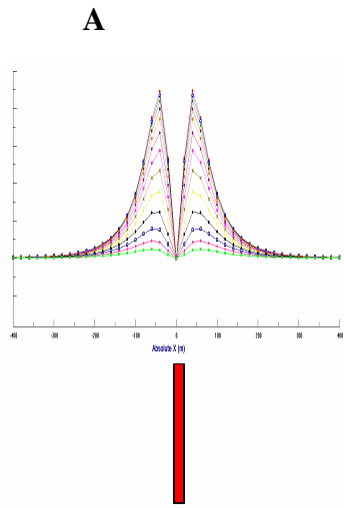
minimum shoulder starts to vanish. In Figure D, a flat lying plate is shown, relatively near surface. Note that the twin peak anomaly has been replaced by a symmetrical shape with large, bell shaped, channel amplitudes which decay relative to the conductance of the plate.

Figure H shows a special case where two plates are positioned to represent a synclinal structure. Note that the main characteristic to remember is the centre amplitudes are higher (approximately double) compared to the high shoulder of a single plate. This model is very representative of tightly folded formations where the conductors were once flat lying.

Variation of Prism Depth

Finally, with prism models, another algorithm is required to represent current on the plate. A plate model is considered to be infinitely thin with respect to thickness and incapable of representing the current in the thickness dimension. A prism model is constructed to deal with this problem, thereby, representing the thickness of the body more accurately.

Figures C, F and I show the same prism at increasing depths. Aside from an expected decrease in amplitude, the side lobes of the anomaly show a widening with deeper prism depths of the bell shaped early time channels.



General Modeling Concepts

A set of models has been produced for the Geotech VTEM® system with explanation notes (see models A to I above). The reader is encouraged to review these models, so as to get a general understanding of the responses as they apply to survey results. While these models do not begin to cover all possibilities, they give a general perspective on the simple and most commonly encountered anomalies.

When producing these models, a few key points were observed and are worth noting as follows:

- For near vertical and vertical plate models, the top of the conductor is always located directly under the centre low point between the two shoulders in the classic **M** shaped response.
- As the plate is positioned at an increasing depth to the top, the shoulders of the **M** shaped response, have a greater separation distance.
- When faced with choosing between a flat lying plate and a prism model to represent the target (broad response) some ambiguity is present and caution should be exercised.
- With the concentric loop system and Z-component receiver coil, virtually all types of conductors and most geometries are most always well coupled and a response is generated (see model H). Only concentric loop systems can map this type of target.

The modelling program used to generate the responses was prepared by PetRos Eikon Inc. and is one of a very few that can model a wide range of targets in a conductive half space.

General Interpretation Principals

Magnetics

The total magnetic intensity responses reflect major changes in the magnetite and/or other magnetic minerals content in the underlying rocks and unconsolidated overburden. Precambrian rocks have often been subjected to intense heat and pressure during structural and metamorphic events in their history. Original signatures imprinted on these rocks at the time of formation have, in most cases, been modified, resulting in low magnetic susceptibility values.

The amplitude of magnetic anomalies, relative to the regional background, helps to assist in identifying specific magnetic and non-magnetic rock units (and conductors) related to, for example, mafic flows, mafic to ultramafic intrusives, felsic intrusives, felsic volcanics and/or sediments etc. Obviously, several geological sources can produce the same magnetic response. These ambiguities can be reduced considerably if basic geological information on the area is available to the geophysical interpreter.

In addition to simple amplitude variations, the shape of the response expressed in the wave length and the symmetry or asymmetry, is used to estimate the depth, geometric parameters and magnetization of the anomaly. For example, long narrow magnetic linears usually reflect mafic flows or intrusive dyke features. Large areas with complex magnetic patterns may be produced by intrusive bodies with significant magnetization, flat lying magnetic sills or sedimentary iron formation. Local isolated circular magnetic patterns often represent plug-like igneous intrusives such as kimberlites, pegmatites or volcanic vent areas.

Because the total magnetic intensity (TMI) responses may represent two or more closely spaced bodies within a response, the second derivative of the TMI response may be helpful for distinguishing these complexities. The second derivative is most useful in mapping near surface linears and other subtle magnetic structures that are partially masked by nearby higher amplitude magnetic features. The broad zones of higher magnetic amplitude, however, are severely attenuated in the vertical derivative results. These higher amplitude zones reflect rock units having strong magnetic susceptibility signatures. For this reason, both the TMI and the second derivative maps should be evaluated together.

Theoretically, the second derivative, zero contour or colour delineates the contacts or limits of large sources with near vertical dip and shallow depth to the top. The vertical gradient map also aids in determining contact zones between rocks with a susceptibility contrast, however, different, more complicated rules of thumb apply.

Concentric Loop EM Systems

Concentric systems with horizontal transmitter and receiver antennae produce much larger responses for flat lying conductors as contrasted with vertical plate-like conductors. The amount of current developing on the flat upper surface of targets having a substantial area in this dimension, are the direct result of the effective coupling angle, between the primary magnetic field and the flat surface area. One therefore, must not compare the amplitude/conductance of responses generated from flat lying bodies with those derived from near vertical plates; their ratios will be quite different for similar conductances.

Determining dip angle is very accurate for plates with dip angles greater than 30°. For angles less than 30° to 0°, the sensitivity is low and dips can not be distinguished accurately in the presence of normal survey noise levels.

A plate like body that has near vertical position will display a two shoulder, classic **M** shaped response with a distinctive separation distance between peaks for a given depth to top.

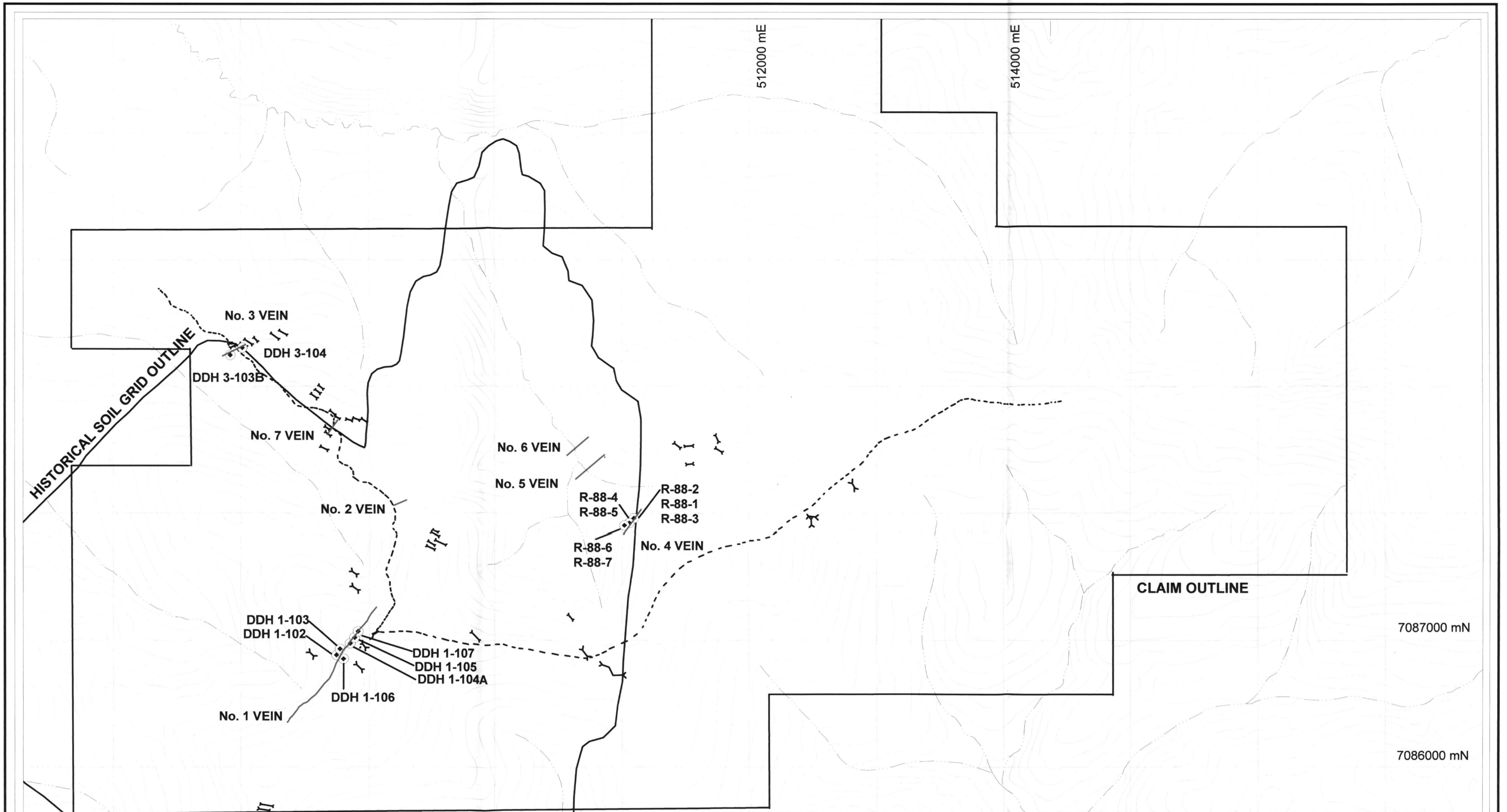
It is sometimes difficult to distinguish between responses associated with the edge effects of flat lying conductors and poorly conductive bedrock conductors. Poorly conductive bedrock conductors having low dip angles will also exhibit responses that may be interpreted as surficial overburden conductors. In some situations, the conductive response has line to line continuity and some magnetic correlation providing possible evidence that the response is related to an actual bedrock source.

The EM interpretation process used, places considerable emphasis on determining an understanding of the general conductive patterns in the area of interest. Each area has different characteristics and these can effectively guide the detailed process used.

The first stage is to determine which time gates are most descriptive of the overall conductance patterns. Maps of the time gates that represent the range of responses can be very informative.

Next, stacking the relevant channels as profiles on the flight path together with the second vertical derivative of the TMI is very helpful in revealing correlations between the EM and Magnetics.

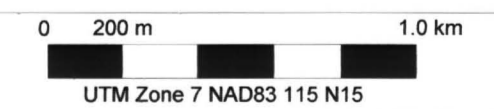
Next, key lines can be profiled as single lines to emphasize specific characteristics of a conductor or the relationship of one conductor to another on the same line. Resistivity Depth sections can be constructed to show the relationship of conductive overburden or conductive bedrock with the conductive anomaly.



**KLONDIKE SILVER CORP.
ATAC RESOURCES LTD.**

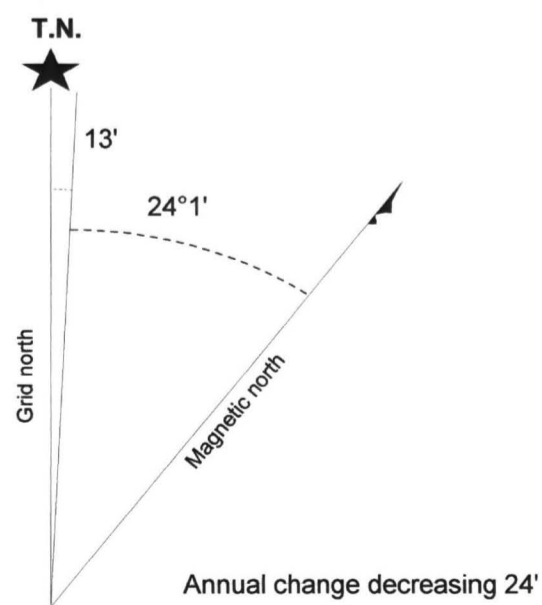
FIGURE 6
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

**MINERALIZATION
CONNAUGHT PROPERTY**

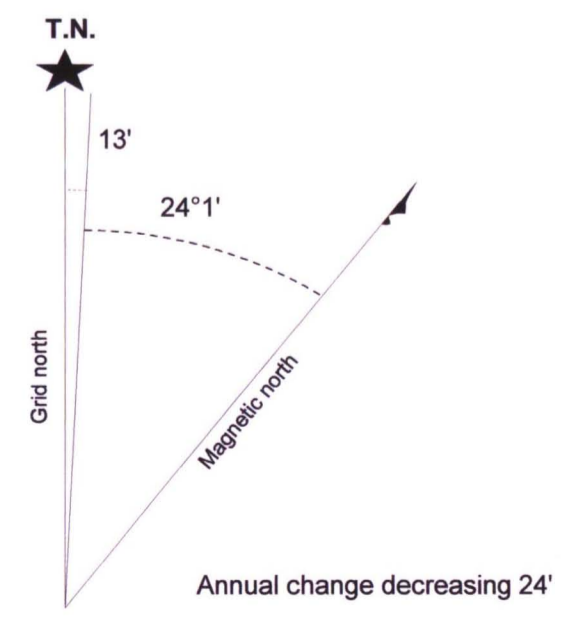
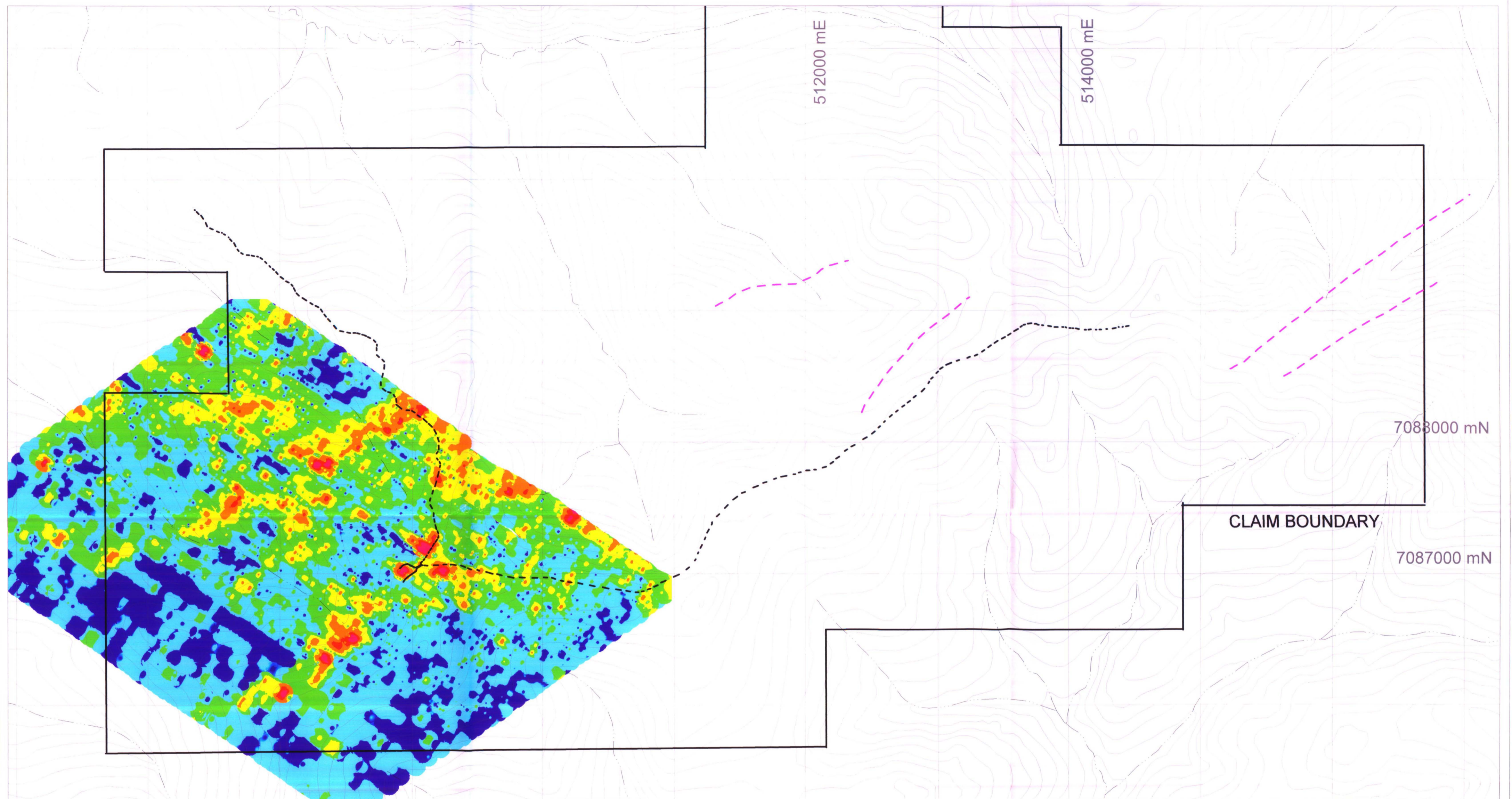


FILE: 2006/HEATHER/CONNAUGHT.WOR

DATE: APRIL 2007



- 4 wheel drive road
- X— Trench
- Vein
- ◆ Diamond drillhole location



- 4 wheel drive road
- VTEM conductor

LEAD (ppm)

> 1,000
500 to 1000
200 to 500
100 to 200
50 to 100
25 to 50
0 to 24

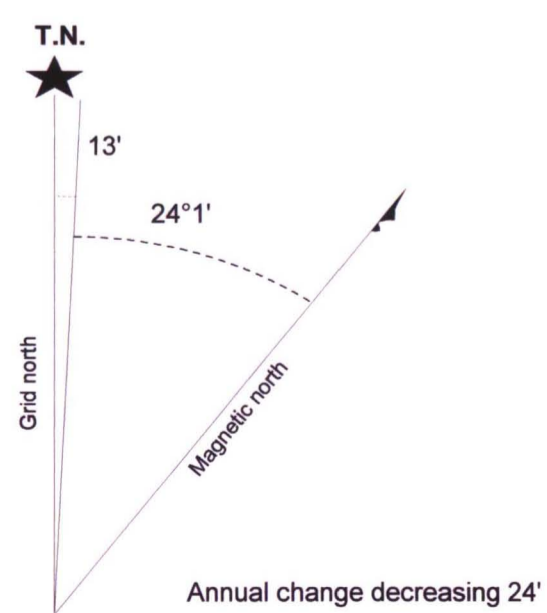
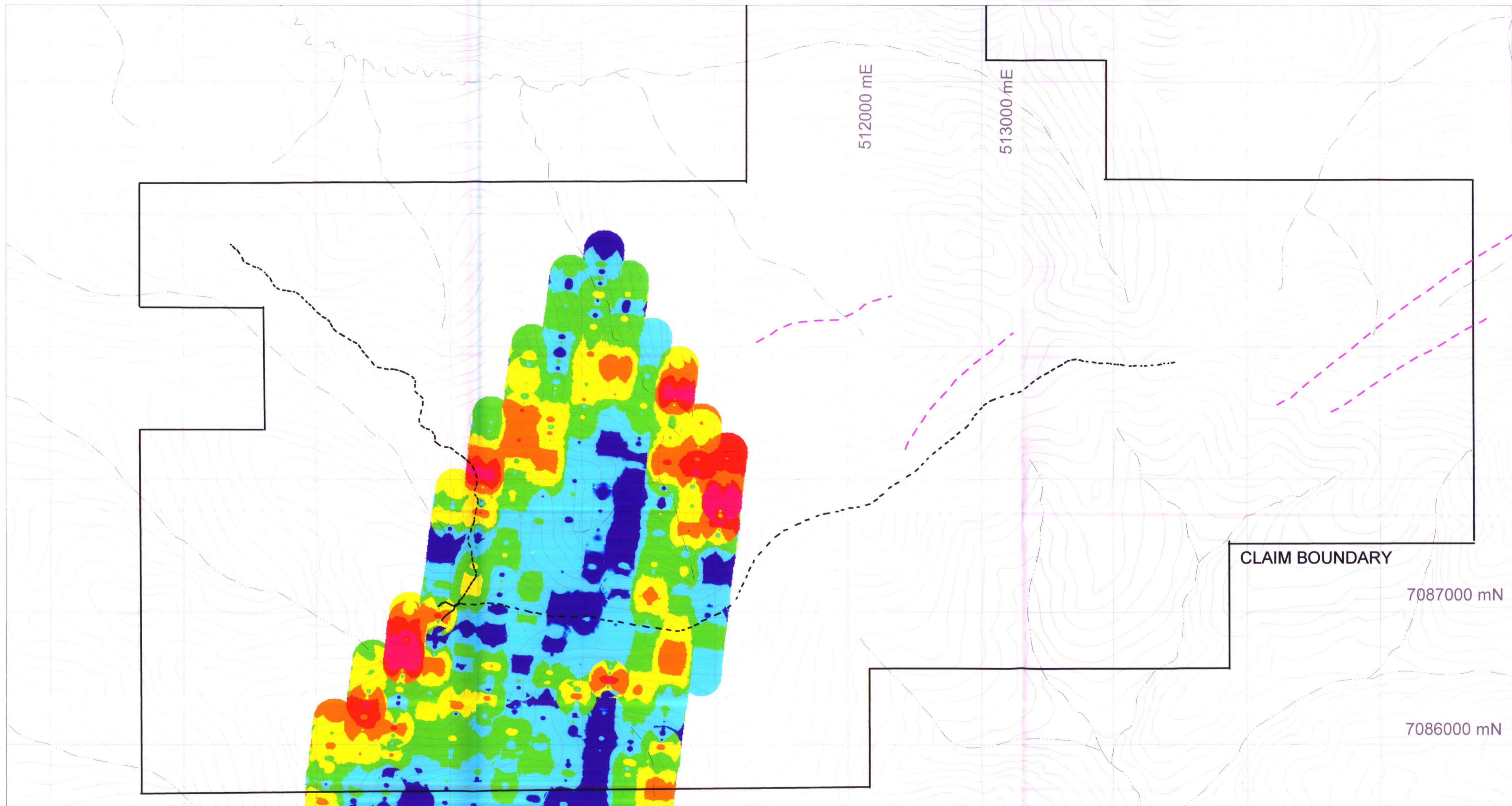
**KLONDIKE SILVER CORP.
ATAC RESOURCES LTD.**

FIGURE 7
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

1969 LEAD GEOCHEMISTRY
CONNAUGHT PROPERTY

0 200 m 1.0 km
UTM Zone 7 NAD83 115 N15

FILE: 2006/HEATHER/CONNAUGHT.WOR DATE: APRIL 2007



- 4 wheel drive road
- - - VTEM conductor

LEAD (ppm)

> 1,000
500 to 1000
200 to 500
100 to 200
50 to 100
25 to 50
0 to 25

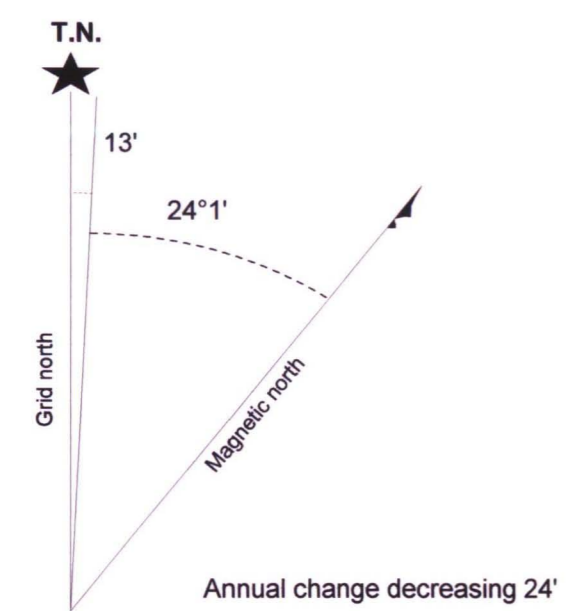
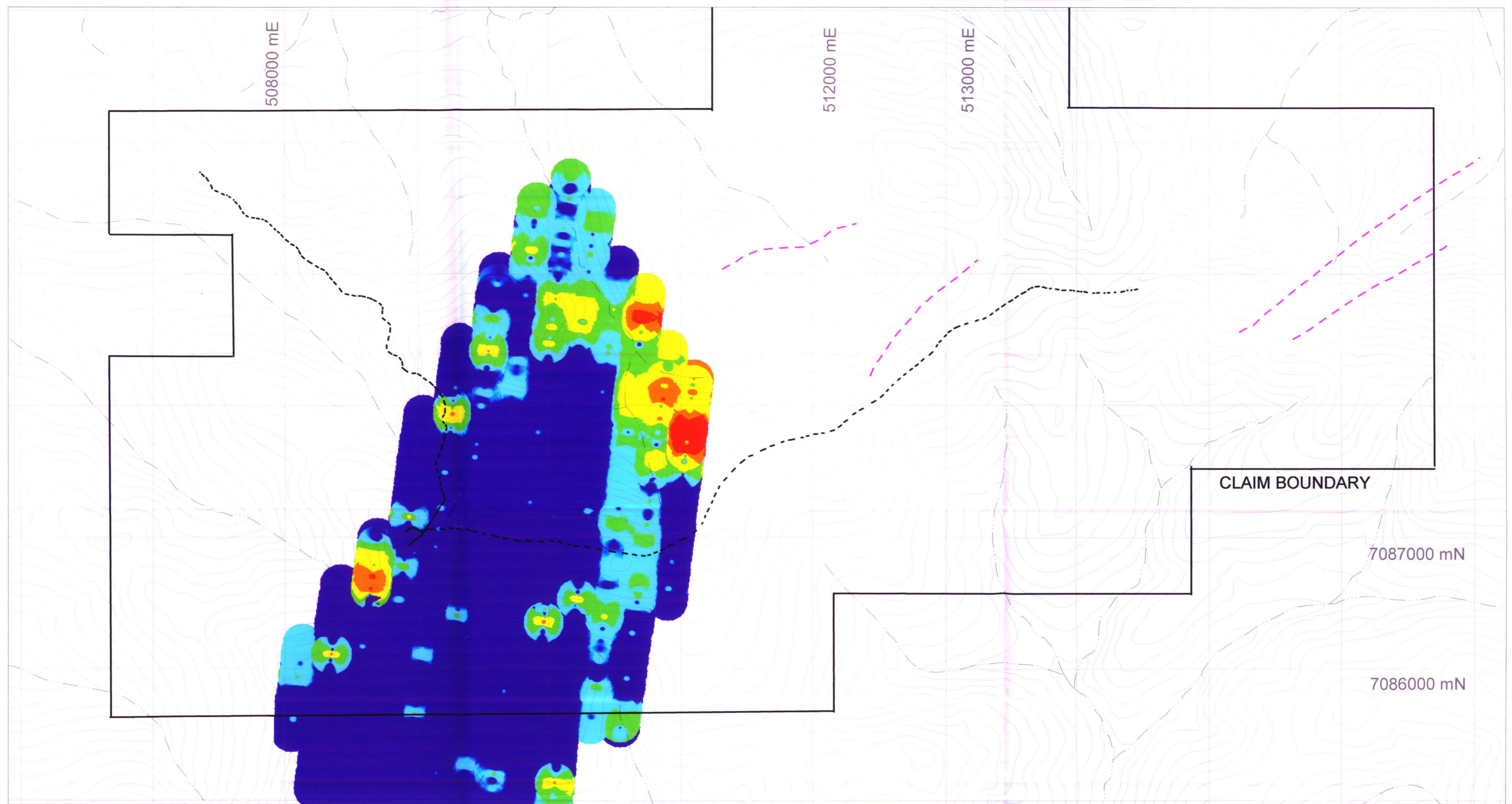
**KLONDIKE SILVER CORP.
ATAC RESOURCES LTD.**

FIGURE 8
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

1998 LEAD GEOCHEMISTRY
CONNAUGHT PROPERTY

0 200 m 1.0 km
UTM Zone 7 NAD83 115 N15

FILE: 2006/HEATHER/CONNAUGHT.WOR DATE: APRIL 2007



- 4 wheel drive road
- VTEM conductor

SILVER (ppm)

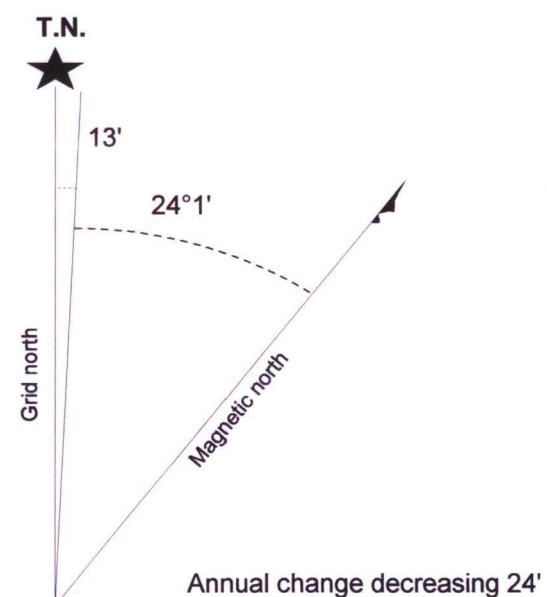
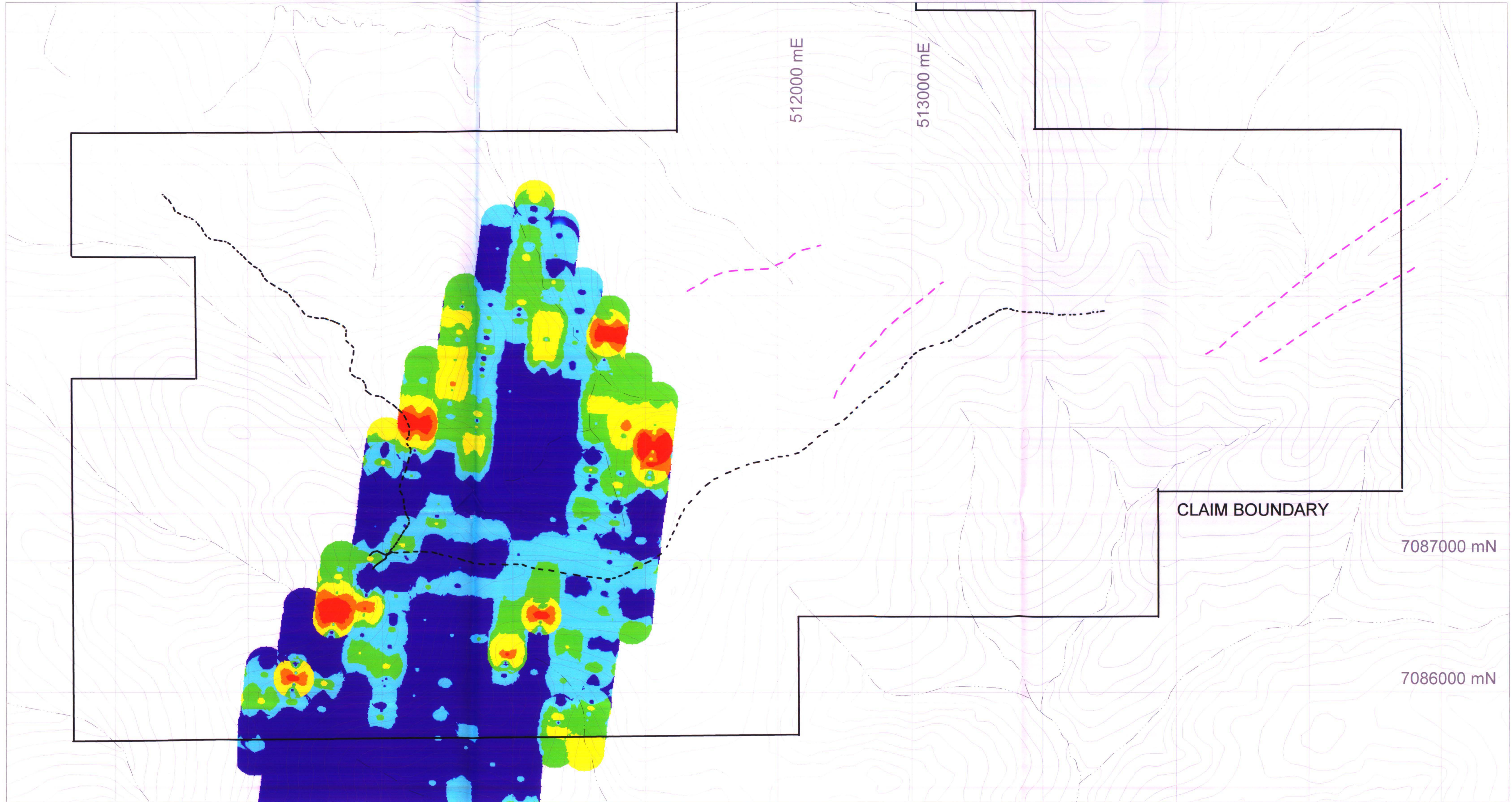
> 10
5.0 to 10
2.0 to 5.0
1.0 to 2.0
0.5 to 1.0
0 to 0.5

**KLONDIKE SILVER CORP.
ATAC RESOURCES LTD.**

FIGURE 9
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
1998 SILVER GEOCHEMISTRY
CONNAUGHT PROPERTY

0 200 m 1.0 km
UTM Zone 7 NAD83 115 N15

FILE: 2006/HEATHER/CONNAUGHT.WOR DATE: APRIL 2007



- 4 wheel drive road
- - - VTEM conductor

- ARSENIC (ppm)**
- > 1,000
 - 500 to 1000
 - 200 to 500
 - 100 to 200
 - 50 to 100
 - 0 to 50

**KLONDIKE SILVER CORP.
ATAC RESOURCES LTD.**

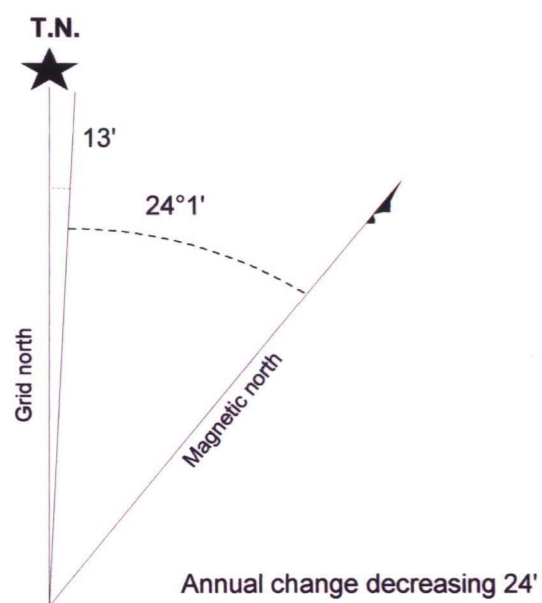
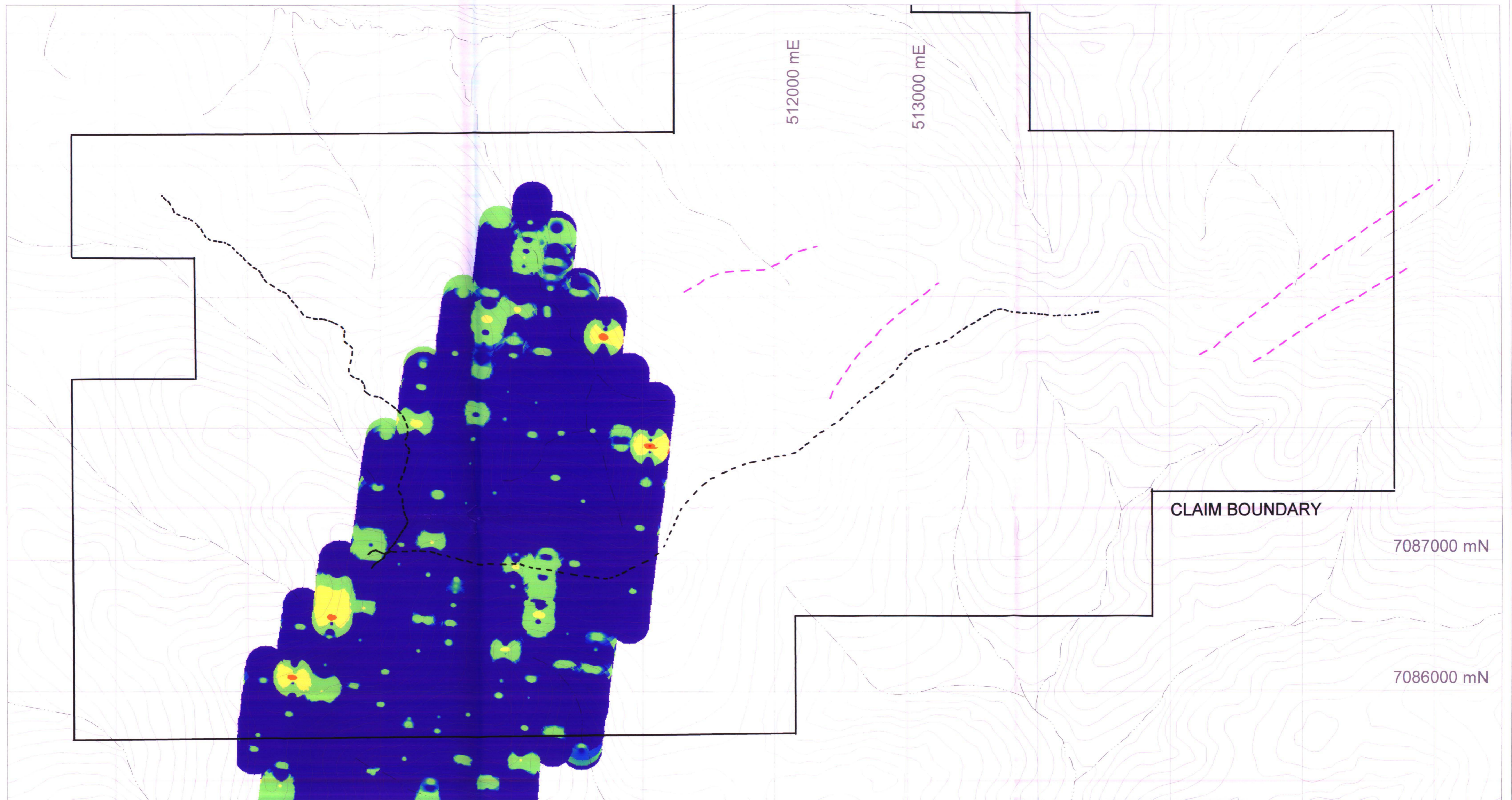
FIGURE 10
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

1998 ARSENIC GEOCHEMISTRY

CONNAUGHT PROPERTY

0 200 m 1.0 km
UTM Zone 7 NAD83 115 N15

FILE: 2006/HEATHER/CONNAUGHT.WOR DATE: APRIL 2007



- 4 wheel drive road
- VTEM conductor

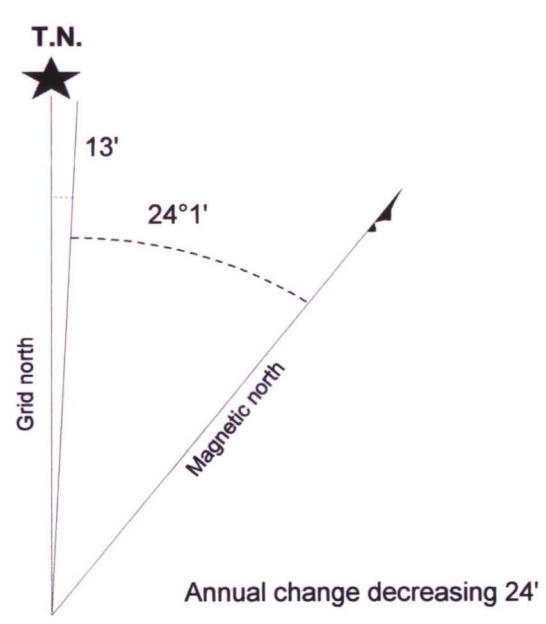
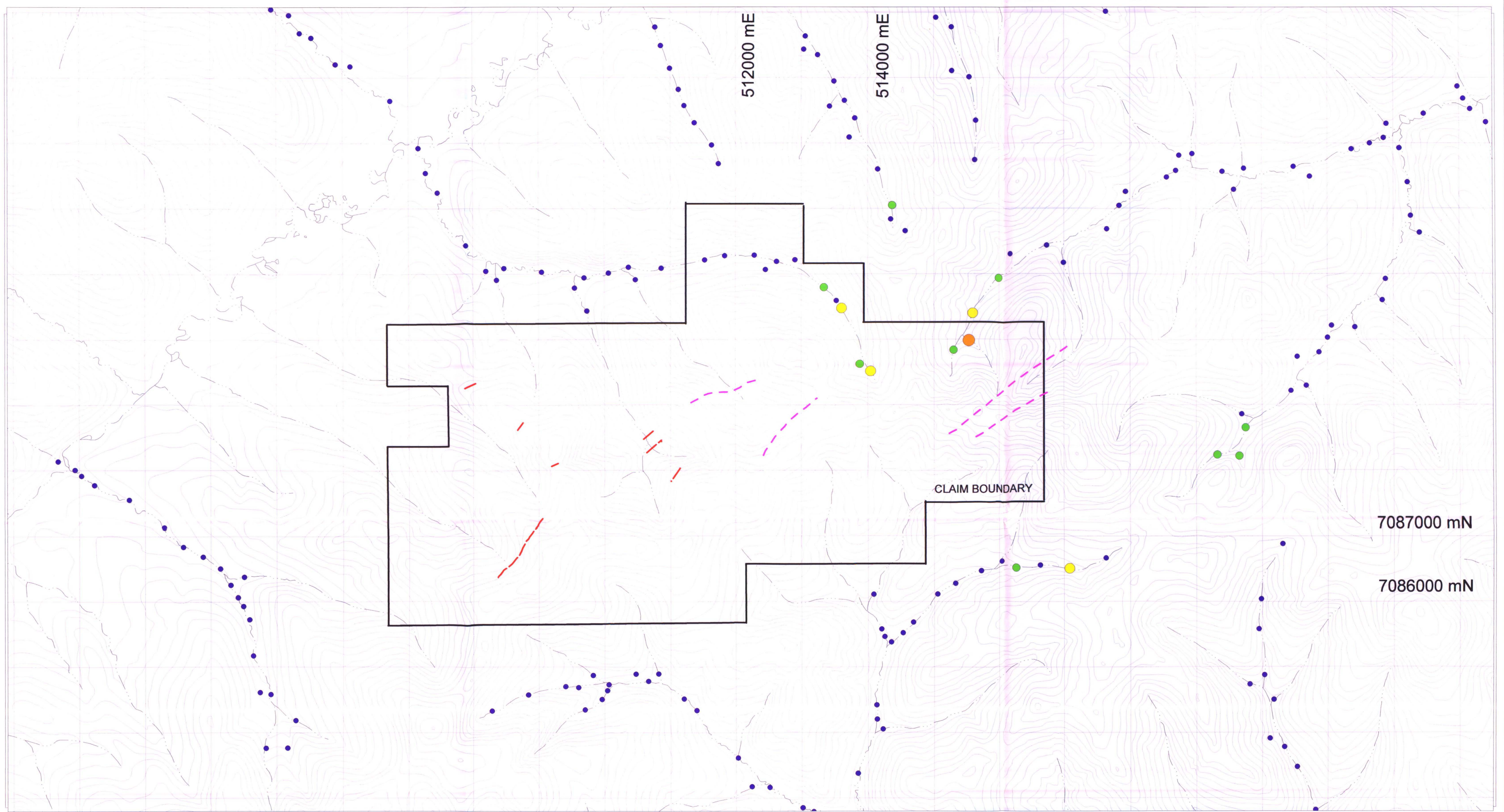
- GOLD (ppb)**
- > 100
 - 50 to 100
 - 20 to 50
 - 10 to 20
 - 0 to 10

**KLONDIKE SILVER CORP.
ATAC RESOURCES LTD.**

FIGURE 11
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
1998 GOLD GEOCHEMISTRY
CONNAUGHT PROPERTY

0 200 m 1.0 km
UTM Zone 7 NAD83 115 N15

FILE: 2006/HEATHER/CONNAUGHT.WOR DATE: APRIL 2007



- - - Known vein
- - - VTEM conductor

- COPPER (ppm)**
- 250 to 500
 - 100 to 250
 - 50 to 100
 - 0 to 50

**KLONDIKE SILVER CORP.
ATAC RESOURCES LTD.**

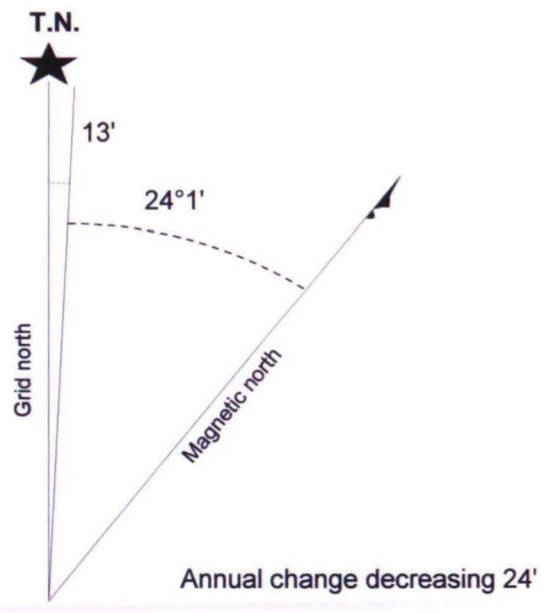
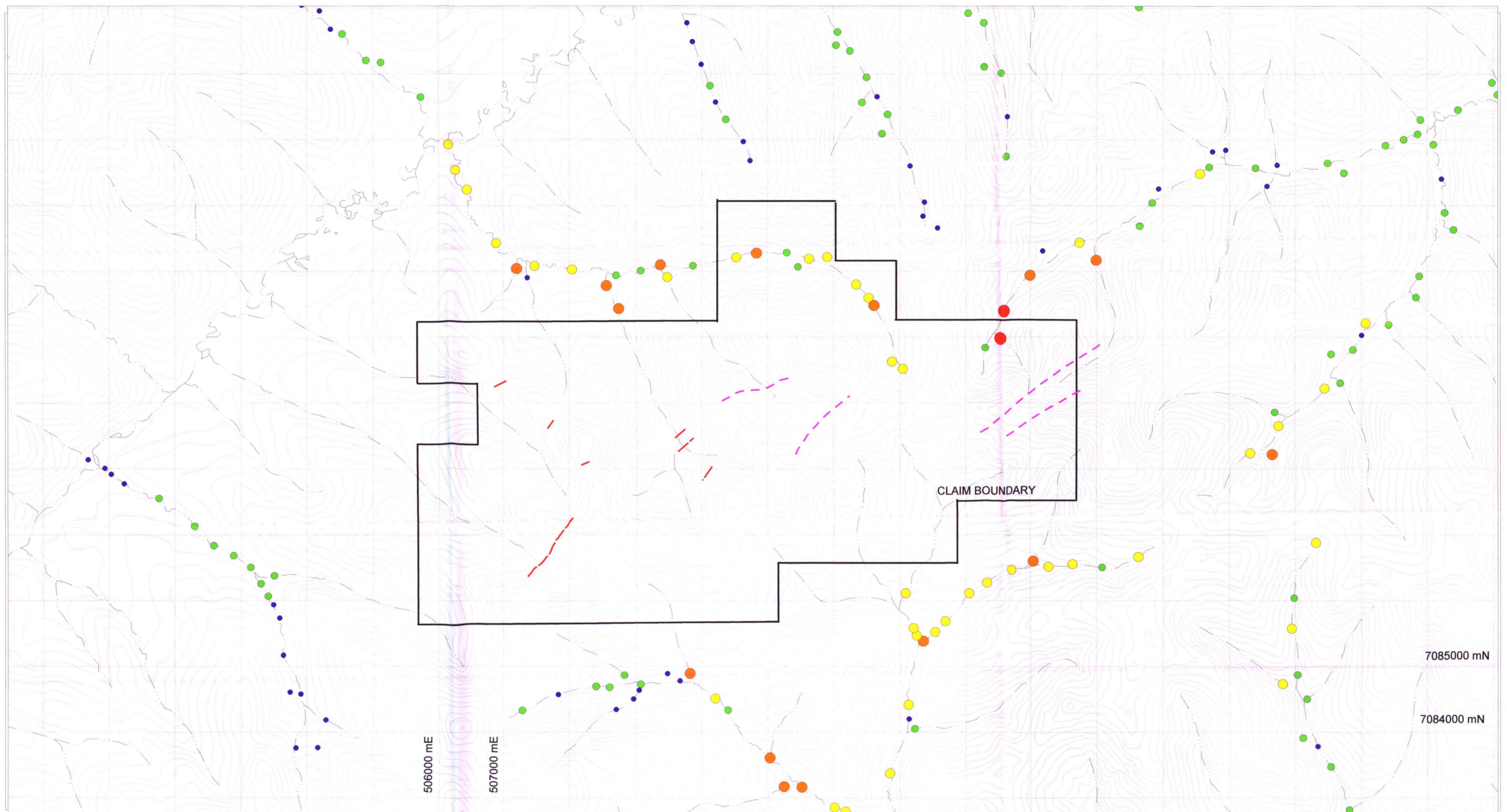
FIGURE 12
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

COPPER SILT GEOCHEMISTRY

CONNAUGHT PROPERTY

UTM Zone 7 NAD83 115 N15

FILE: 2006/HEATHER/CONNAUGHT.WOR	DATE: APRIL 2007
----------------------------------	------------------



--- Known vein
 - - - VTEM conductor

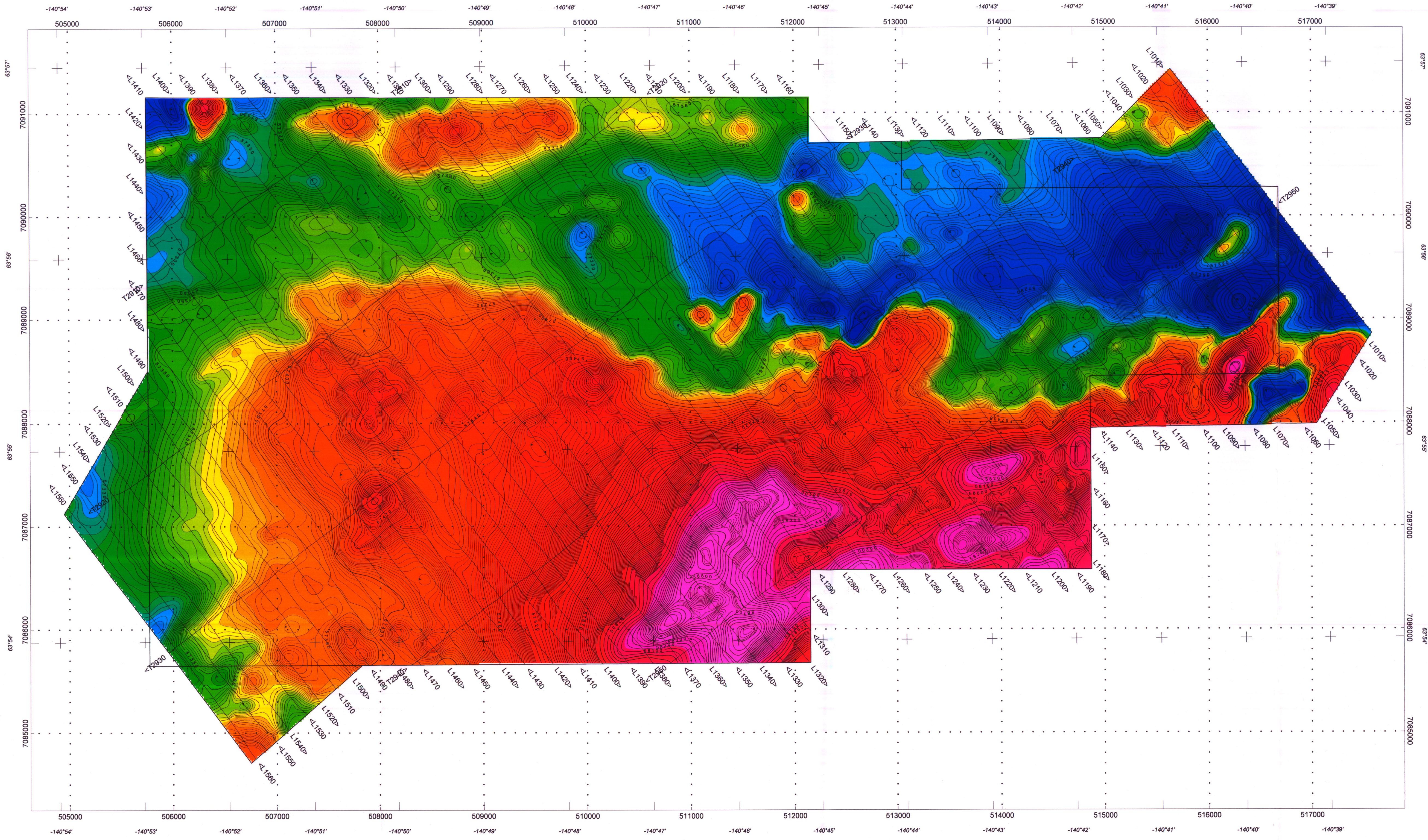
LEAD (ppm)
 ● 200 to 500
 ● 100 to 200
 ● 50 to 100
 ● 25 to 50
 ● 0 to 25

**KLONDIKE SILVER CORP.
 ATAC RESOURCES LTD.**

FIGURE 13
 ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
LEAD SILT GEOCHEMISTRY
 CONNAUGHT PROPERTY

0 1.0 km 2.0 km
 UTM Zone 7 NAD83 115 N15

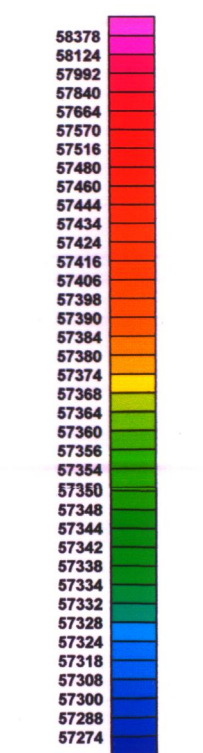
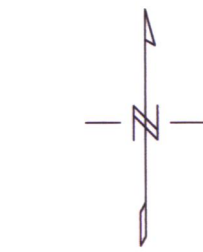
FILE: 2006/HEATHER/CONNAUGHT.WOR DATE: APRIL 2007



SURVEY SPECIFICATIONS:
 Survey date: May - July 2006
 Traverse Line Spacing: 200 metres
 Traverse line direction: N37°W
 Nominal terrain clearance: 80 metres
 Nominal EM bird height: 45 metres
 Nominal Magnetic bird height: 45 metres
 Aircraft: Astar 52 helicopter, Registration: C-GTNU

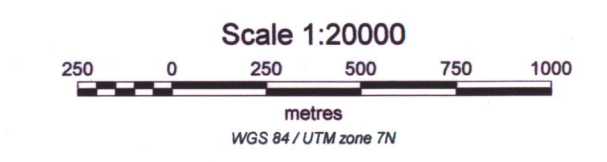
INSTRUMENTATION
 Data acquisition: Geotech Acquisition System
 Electromagnetics: VTEM system
 Base frequency: 30Hz
 Transmitter Loop diameter: 26 metres
 Dipole Moment: 365 000 N/A
 Transmitter Wave Form: Trapezoid
 Transmitter Pulse Width: 7.5 ms
 Magnetometer: Geometrics G-823A caesium vapour
 Resolution: 0.02 nT at 10 samples/sec

NAVIGATION:
 Equipment: NovAtel GPS card
 Radar altimeter: Terra TRA3000/TRI-30



Magnetic field (nT)

Contour intervals:
 — 2 nT
 — 10 nT
 — 50 nT

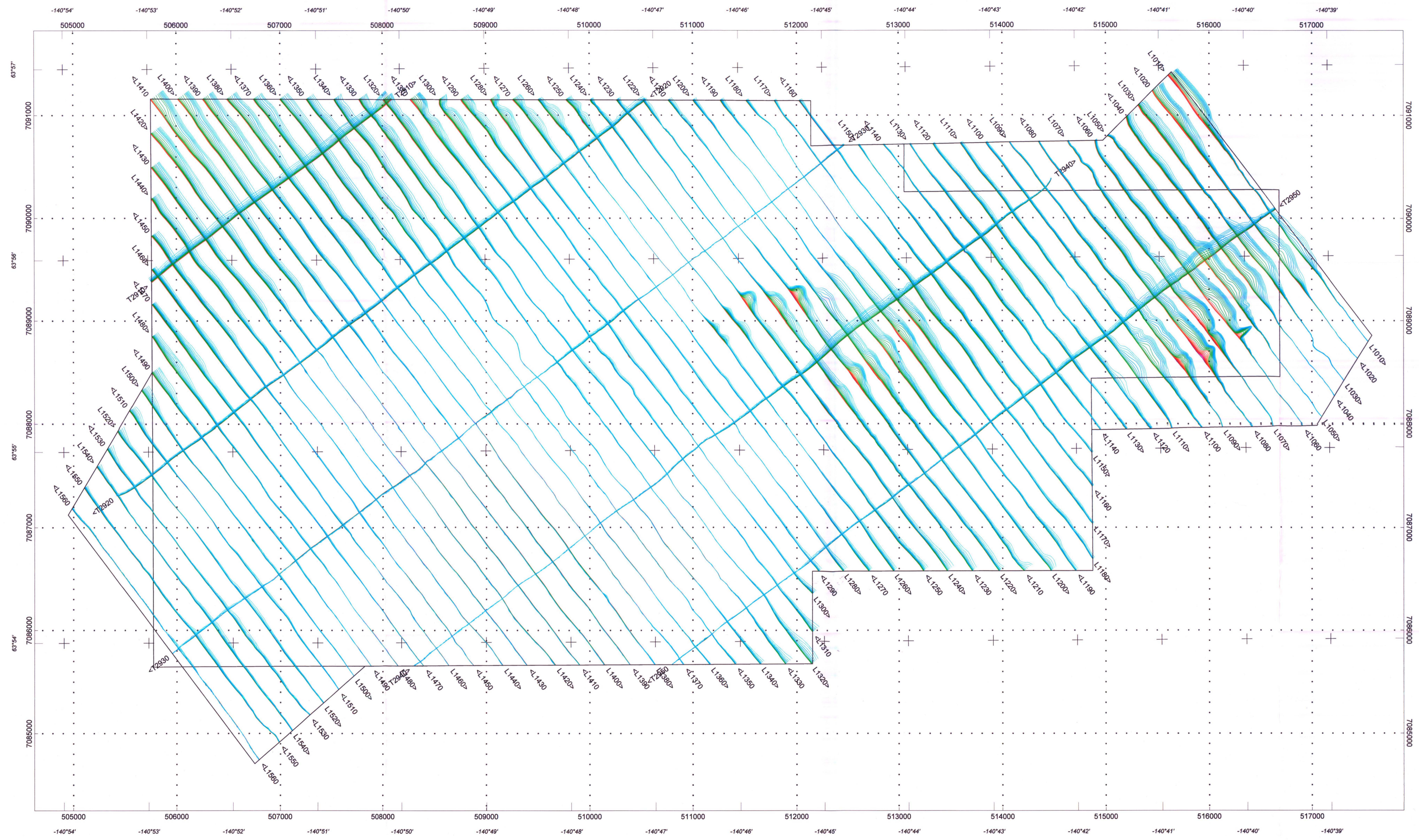


**Klondike Silver Corp.
 ATAC Resources Ltd.
 Connaught Property
 Yukon Territory**

**Geotech VTEM System
 Total Magnetic Field Map**

Flown and processed by Geotech Ltd.
 30 Industrial Parkway South
 Aurora, Ontario, Canada
 www.geotechairborne.com

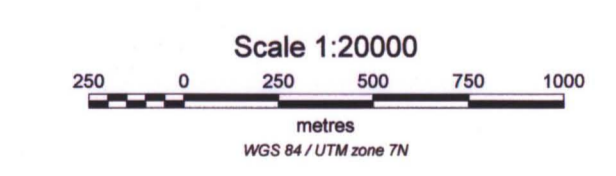
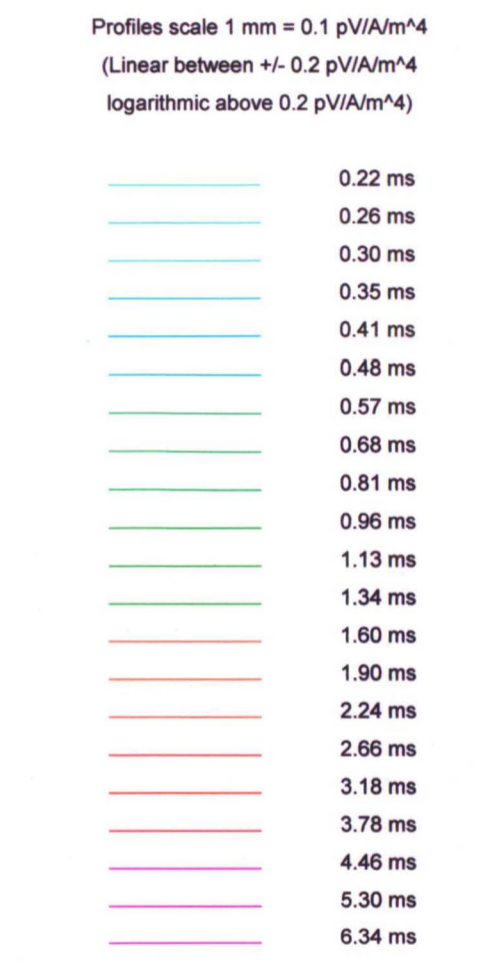
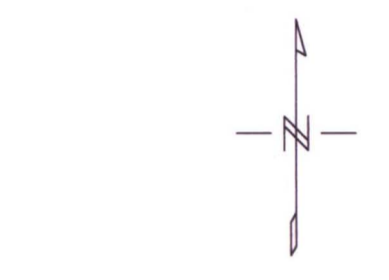
October 2006



SURVEY SPECIFICATIONS:
 Survey date: May - July 2006
 Traverse Line Spacing: 200 metres
 Traverse line direction: N37°W
 Nominal terrain clearance: 80 metres
 Nominal EM bird height: 45 metres
 Nominal Magnetic bird height: 45 metres
 Aircraft: Astar B2 helicopter, Registration: C-GTNU

INSTRUMENTATION
 Data acquisition: Geotech Acquisition System
 Electromagnetics: VTEM system
 Base frequency: 30Hz
 Transmitter Loop diameter: 26 metres
 Dipole Moment 355,000 N/A
 Transmitter Wave Form: Trapezoid
 Transmitter Pulse Width: 7.5 ms
 Magnetometer: Geometrics G-823A cesium vapour
 Resolution: 0.02 nT at 10 samples/sec

NAVIGATION:
 Equipment: NovAtel GPS card
 Radar altimeter: Terra TRA3000/TRI-30



**Klondike Silver Corp.
 ATAC Resources Ltd.
 Connaught Property
 Yukon Territory**

Geotech VTEM System
 Logarithmic scale VTEM Profiles
 Time Gates 0.22 - 6.34 ms

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