

## 019293 Investment Comment

## High grade ore makes Skyline a buy

It isn't often that a company can contemplate a production decision with reserves of less than 130,000 tons in the ground. But at the Johnny Mountain gold property in northwestern British Columbia, that's exactly what Vancouver-based Skyline Explorations is planning to do this year.

Recommended in a research report by *Continental Securities* of Vancouver as a buy for risk-oriented investors, Skyline is planning to produce around 60,000 oz gold during the first year in operation.

What makes the wholly-owned Johnny Mountain a feasible mine is not the volume of its reserves but its high grade ore. On June 15, when Continental published its report proven probable reserves at the property stood at 385,000 tons of grade 0.785 oz gold per ton.

However, an additional 700,000 tons of possible reserves grading 0.590 oz brings the Johnny Mountain total to 1,058,000 tons of average 0.644 oz.

Most of the reserves are contained in the Discovery and 16 Vein structures but a couple of secondary vein structures called the Gold Rush and Zephrin are also located on the property.

With underground work continuing, operations will commence on

a small portion of a remote 15,900-acre property called the Reg claims. As reported (N.M., Feb 16/87), the Stewart-Cassiar highway is about 42 miles away and the property is accessed via helicopter from Wrangle, Alaska.

## Mill underway

By February, the company had completed 42,000 ft of diamond drilling in addition to about 3,860 ft of drifting and 1,130 ft of raising.

Commissioning of a 400 ton per day mill is under way and production is expected to begin this fall. At an initial rate of 200 tons per day, the mill is being designed to produce gold gravity concentrate, a copper concentrate containing gold and silver and a gold/silver dore bar.

With silver and copper providing credit towards costs, a shrinkage stoping operation will cost in the order of \$240 to \$275 per oz during the first year. "In subsequent years, costs may rise to well over \$300 per oz if grades decline," said analysts Anthony Garson and Andrew Muirb.

Total capital costs were reported in January at \$28 million but according to Muirb and Garson, costs will increase to \$32 million by October due to expenses incurred during the start-up and tune-up

period. Construction delays due to poor weather conditions have also pushed the project slightly over budget.

"Notwithstanding the cost overruns, it is evident that Skyline's cumulative cash flow, particularly during the first three years of production will be an impressive \$40 million," said the Continental analysts.

## Capital invested

"In 1989, the return on capital invested and shareholders equity is projected to be a substantial 15%, 17% and 20% respectively," they said.

At year-end, the company's long term debt position increased to \$4.2 million from \$44,501 in 1986. However, the company's year-end cash position also increased to \$12.2 million from \$165,530 at the same time last year.

As reported (N.M., July 4/88), Skyline recently obtained a \$5.5 million bank line of credit for mill construction, mine development and working capital, pending cash receipts from gold sales.

"Though the share price of Skyline Explorations has appreciated from Continental's May 26 recommendation of \$11.75 and \$14.75, we continue to recommend the purchase of Skyline's shares by aggressive accounts," said Garson Muirb.

The Skyline issue was trading recently on The Toronto Stock Exchange at \$16.88 in a 52-week range of \$17 and \$8.75.

## La Fosse drilling uncovers pair of massive sulphides

A drilling program this year at its Gerido division in northern Quebec has uncovered two platinum/palladium and gold bearing massive sulphide, copper-nickel deposits, La Fosse Platinum (TSE) reports.

The deposits have been designated Chrysler North and Chrysler South. Core samples from 25 holes are being assayed. Fourteen of these holes cut the massive sulphide bodies, the company says. Of the remainder, three cut the structure adjacent to massive sulphides, and eight intersected disseminated sulphides.

Two massive sulphide bodies have been traced from surface down dip for a minimum distance of 1,000 ft (the capacity of the drill employ-

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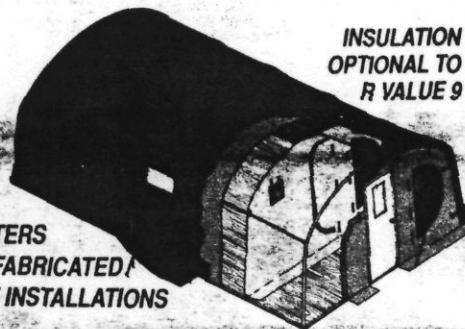
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# BUSINESS

The Vancouver Sun, Wednesday, November 16, 1988

November 16, 1988 ★★★

## Johnny Mountain mine back on track, analyst says

By **RODNEY NUTT**  
Sun Business Reporter

Skyline Explorations Ltd., after initial start-up problems, is steadily increasing gold output at its Johnny Mountain mine in northwest B.C.

In an interview Tuesday, Skyline chief executive Ron Shon said the mine produced 1,454 ounces of gold in October, up from 971 ounces in September and 428 ounces in August when it first went into production.

Silver production has also increased steadily to 1,990 ounces in October from 1,570

### Galactic revalues assets, E12

ounces in September and 1,153 ounces in August.

Shon, who heads the Shon Group property empire, said gold production averaged 92 ounces a day in the first seven days of November and should exceed 2,800 ounces for the month.

Silver production in the first seven days totalled 1,729 ounces and should be more than 7,000 ounces for all of November.

"It's not unusual for a mine to have start-up

problems," said Canarim Investment Corp. broker analyst Bruce McClymont. "As long as they don't have any problems with continuity (of the veins) underground, the mine now appears to be on track."

Gold recovery is averaging 85 per cent and is expected to increase to more than 90 per cent when the benefits of recent equipment and operational changes are fully realized.

Shon said Skyline is targeted to produce 4,800 ounces of gold a month through 1989, or close to 60,000 ounces for the year.

"William Price, who was appointed

vice-president and chief operating officer in October, has implemented equipment modifications and operational changes," said Shon. "The mill operating time in the first week of November increased to 92.3 per cent from 68.8 per cent in October."

The mill is processing 230 tons of ore a day but this will increase to 300 tons by January.

"We have the necessary government approvals to process 400 tons of ore a day," added Shon. "However, that would entail more mine development and we haven't budgeted for that yet."

# War Eagle

*REG 1048 107 - Stonehouse (1988 production figures)*

**ets results  
[Missouri**

**Skyline increases production  
at troubled Johnny Mountain**

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all basin (15x20-mi)  
e claims had been one  
active placer areas in  
a, producing over two

VANCOUVER — Still grappling with startup problems at its wholly-owned Johnny Mountain mine in the Iskut River area of British Columbia, **Skyline Explorations (TSE)** may be starting to see some light at the end of the tunnel.

The Vancouver company increased its production in November to 2,804 oz gold, 5,409 oz silver and 59,976 lb copper. Mill throughput averaged 227 tons per day and

**La Fosse drilling underground at old Louvicourt mine**

Earning a 10% interest in property 10 miles east of Val d'Or, Que., by carrying out underground exploration work is **La Fosse Platinum (TSE)**. Owner of the property is COATS-listed **Louvicourt Gold Mines**; La Fosse may earn its interest in a specified area of the property.

La Fosse says drilling has identified two potential zones, the Pillar and B. Among the better results: Pillar zone

Hole	Core length (ft)	Grade (oz/t)
35	9.2	0.37
36	5.8	0.13
47	13.9	0.17

Hole	Core length (ft)	Grade (oz/t)
2	5.1	0.22
26	1	0.37
27	3.3	0.35
37	7.4	0.26
47	13.9	0.17

Former production at the mine occurred between the 225-ft and 675-ft levels. La Fosse reports the latest drilling confirms the structures extend below the 675-ft level at least as far as the current depth (975 ft) of the shaft.

**Canaustra finds sulphides on Gull Pond property**

A new discovery of polymetallic sulphides has been made by **Canaustra Gold Exploration (VSE)** on the Gull Pond property in the Baie Verte peninsula of Newfoundland.

The discovery was the result of back-hoe trenching on a magnetic anomaly. Assays on 22 samples from the trenching program returned variable grades of from 1.0 g to 33.4 g per tonne gold, 0.4% to 36% lead, 2% to 8% zinc, and 2% copper.

The samples were taken from two

gold recoveries during November averaged 77%, Skyline said.

As a result of some modifications to the mill, gold and silver production continued to improve in December. In the first 10 days of December the company produced 1,386 oz gold, 2,894 oz silver and 32,676 lb copper.

Average daily throughput has increased to 259 tons per day and gold recoveries have also climbed to 83%. Final modifications to the mill are expected to be completed early in the new year.

According to Skyline, the recent production increases have coincided with some drill results which appear to confirm the extension of ore grade mineralization with high grade ore shoots below the 10th level.

Designed to test the continuity of Vein 16 below the 10th level and along strike to the east, the drill program produced the following results: Hole U-416 included 3 m of grade 0.278 oz gold per ton at the 1097 elevation. Hole U-507 intersected 2 m of grade 1.753 oz at the 1050 level. Hole U-418 pulled 2 m of grade 0.776 oz at the 1050 level.

Start up problems at Johnny Mountain have been due to lack of expertise in dealing with new mining situations and large variances in mining widths.

**Chutine gets option**

**Chutine Resources (VSE)** has acquired an option to buy a 49% interest in a Mexican mining company which owns several gold, silver and copper deposits in Sonora state. Chutine will issue up to 17 million common shares at a deemed price of 18¢ per share in consideration of the option. The vendor is American Resources, a limited partnership based in the U.S.

Chutine must pay \$900,000(US) to exercise the option. The cash is expected to come from private placements of Chutine shares. The main asset in the property portfolio is the Luz del Cobre copper deposit which has been the subject of a pre-feasibility study. Both partners are proceeding to obtain the needed financing for the project. Mining is expected to begin in 1989.

Open pit heap leaching of known oxide gold reserves is also being planned for next year. A probable and possible reserve of 720,000 tonnes grading 0.08 oz gold per ton is estimated by the company's consultants. The heap leach program

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**Coming Events**

NMINER 30 SEPT 82

## Placer options Skyline gold property

VANCOUVER — There may have been a "Timmins type felsic volcano" on the loose in the Johnny Mountain area about 75 miles northwest of Stewart, B.C., according to Dr. P. H. Sevensma, a director of Skyline Explorations. He presented this hypothesis in a paper earlier this year and exploration results thus far suggest he might be correct.

Now Placer Development has taken up the cause and recently optioned Skyline's 172 unit Reg group. The company is presently conducting a geophysical survey on these claims.

Whether Placer will continue the drill program started this year is still unknown but Mr. Sevensma notes exploration crews can only work there until mid-October at the latest.

To option the property Placer paid Skyline \$75,000 up front and must spend \$750,000 during 1983 plus an additional \$1 million in the 1984 calendar year. After meeting all subsequent obligations Placer would end up with a 65% interest in the property.

Other majors are reported to have staked location ground near Skyline's gold discovery including Cominco (about two miles north) and the exploration division of Du Pont of Canada on the northeast.

Skyline estimates that about \$600,000 or more has been spent on the property in the past two years, locating at least two mineralized zones with impressive gold values over nice widths. These include a 40 ft. section (true width) in hole 82-11, assaying 0.303 oz. gold per ton. All told, eight holes were drilled into

the Cloutier zone from four setups and three in the Pick Axe from separate locations. One hole encountered fault material and no values were reported, however, the other 10 holes when averaged together returned 0.71 oz. gold over 17.5 ft. (uncut). Most holes were about 300 ft. deep and drilled from 45° to 75°. Mr. Sevensma says the surface showing on the Cloutier zone was only nine inches wide although it has increased to 40 ft. as mentioned previously, about 180 ft. below surface. The zone dips to the northwest at about 65° and follows an even steeper downhill slope which means drill holes should become shorter down dip.

Access to the property is by helicopter from Bob Quinn Lake which in turn is accessible by fixed wing aircraft. Highway 37 passes near the lake and B.C. Hydro has a camp nearby. Last year Hydro and Skyline shared helicopter costs although

the availability wasn't too good from Skyline's point of view. As a result several holes had to be drilled from the same station when a variety of locations might have been more appropriate, admits Mr. Sevensma.

Geologically, the mineralized horizon appears to be highly silicified, located between volcanic tuffs and breccias and gold values are not readily apparent by visual examination. Drilling to date has determined the Cloutier zone is stratigraphically controlled "indicating it could be very widespread" and Mr. Sevensma feels "it could open up to the west." The east boundary is also open and the down dip extension.

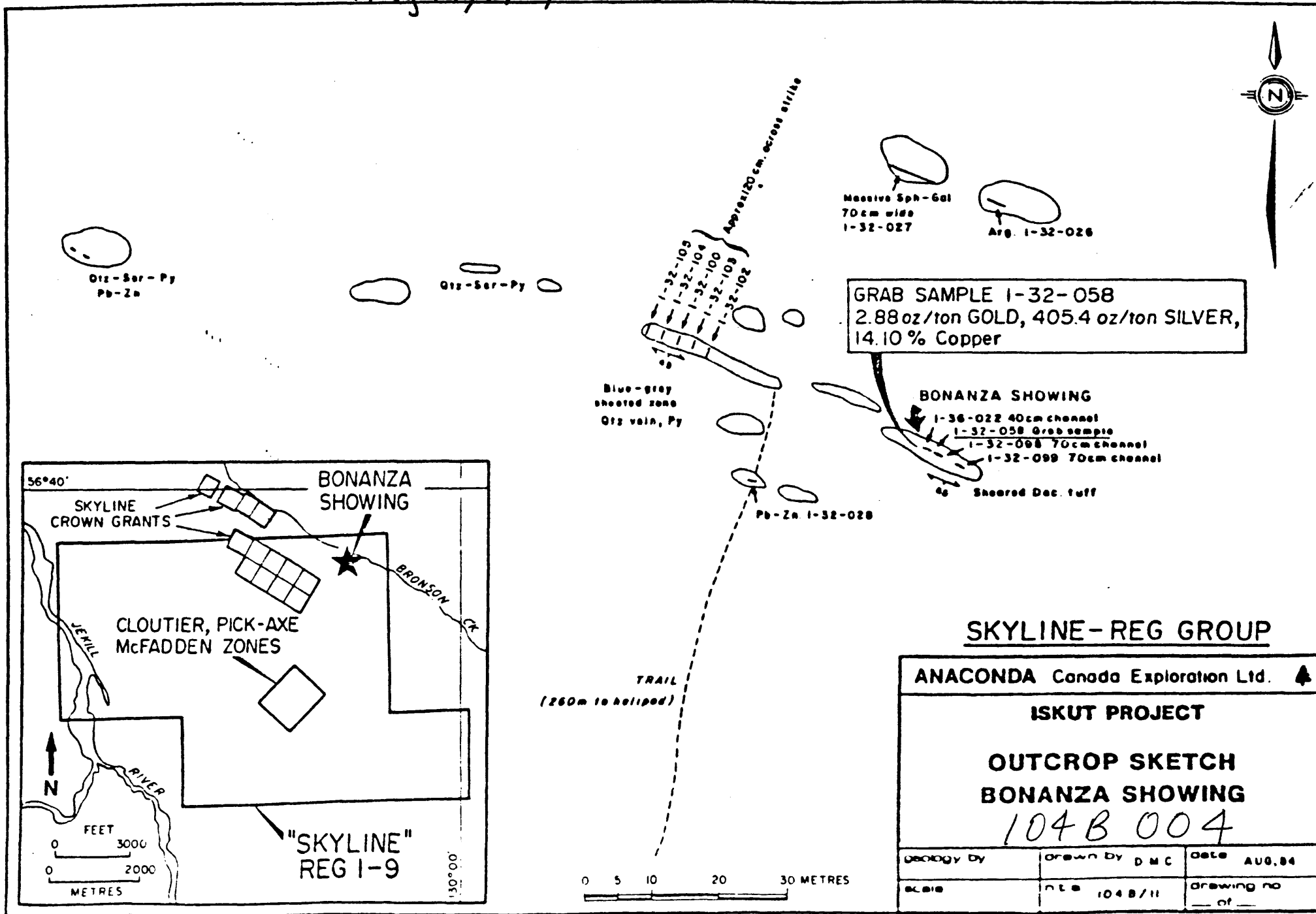
104B/11E

### PROPERTY FILE



GCNL #156  
 Aug 14, 1984

104B 107



Massive Sph-6al  
 70cm wide  
 1-32-027

Arg. 1-32-026

GRAB SAMPLE 1-32-058  
 2.88 oz/ton GOLD, 405.4 oz/ton SILVER,  
 14.10 % Copper

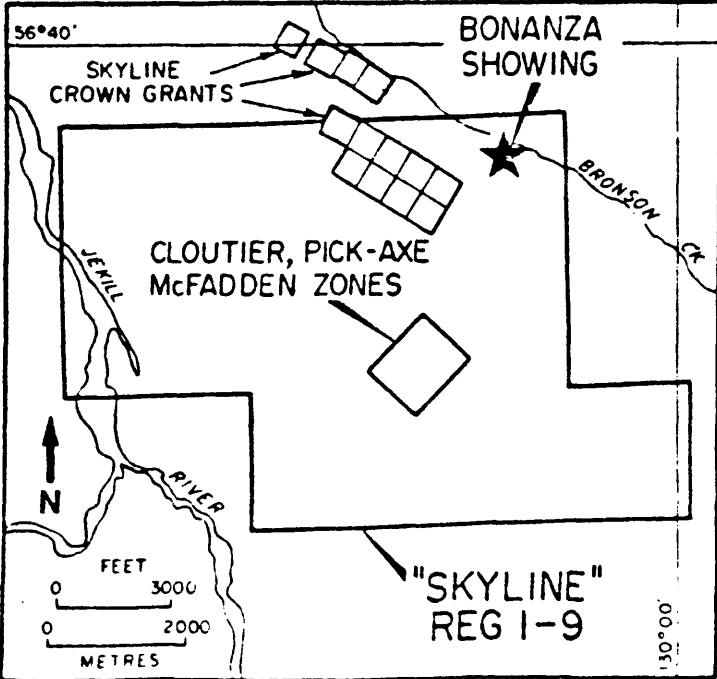
Blue-gray  
 sheeted zone  
 Qtz vein, Py

BONANZA SHOWING  
 1-32-022 40cm channel  
 1-32-058 Grab sample  
 1-32-098 70cm channel  
 1-32-099 70cm channel  
 Sheared Dec. tuff

Pb-Zn 1-32-028

TRAIL  
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0 5 10 20 30 METRES



**SKYLINE-REG GROUP**

ANACONDA Canada Exploration Ltd.		
<b>ISKUT PROJECT</b>		
<b>OUTCROP SKETCH</b>		
<b>BONANZA SHOWING</b>		
104B 004		
Geology by	Drawn by DMC	Date AUG. 84
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104B107

JUNE 7, 1985 / NORTH AMERICAN GOLD MINING INDUSTRY NEWS

## Skyline mobilized for 1985 field season on REG property

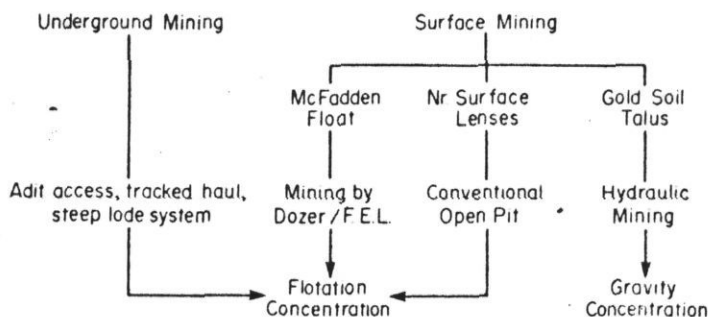
**ISKUT RIVER, British Columbia**—Mobilization for the 1985 field season was recently completed on Skyline Explorations Ltd.'s REG property with fuel and supplies flown to the site airstrip in the Iskut River area of northern British Columbia. Crews followed on June 1.

Surface mine targets in the Stonehouse gold zone identified in a recent study by consulting mining engineer Bryan Slim, P.Eng., will be investigated for early development and bulk metallurgical samples sent for testing. A 3,000-foot test adit, recommended by consulting geologist Dr. Edward Grove, P.Eng., to investigate the deep lenses is also planned. Additionally, detailed exploration of other mineral deposits, both base and precious metals, on the REG claim will be carried out. The 1985 field program is intended to provide data for mining feasibility and ongoing exploration.

Preliminary metallurgical testing has shown good results for composites on the Stonehouse gold zone. A detailed testing program is planned for 1985 for production of flotation concentrates on sulphide and gravity concentration of the talus area.

104B/  
10W, 11E

This schematic shows the development concepts on the various areas on Skyline's REG claims. This year a detailed testing program is planned for production of flotation concentrates on sulphide and gravity concentration of the talus area.



The final report is awaited on Skyline's Inel project, located on the east side of the REG claim group. A remarkable association of gold in sphalerite has been reported on the Inel in a bedded formation, with drilled

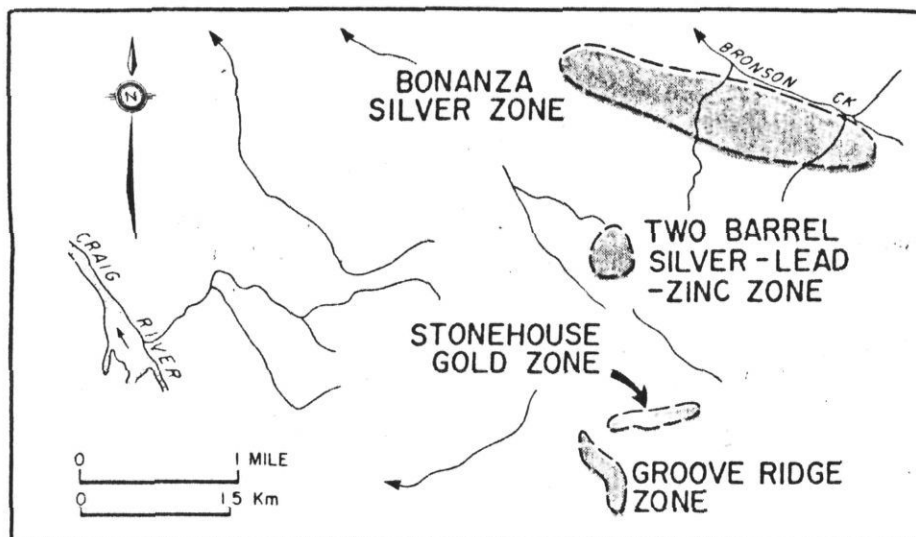
Geophysical surveys are planned this season to pinpoint drill targets on the Two Barrel zone where 15 to 20 percent lead/zinc plus five to 10 ounces of silver per ton were uncovered in 1984.

Geophysics will also be used to follow up on the large base metal/gold/silver soil anomalies on the Groove Ridge.

Surveys and preliminary drilling are

values varying in the following ranges and extending over an area at least 820 feet long:

Width (ft.)	% Zinc	Oz. Ag/ton	Oz. Au/ton
13.1	0.56	1.06	0.26
6.7	3.33	1.51	0.94
12.2	0.29	9.25	0.21
2.5	8.96	0.98	0.20
16.0	6.80	0.92	0.12
3.5	9.69	1.67	0.12



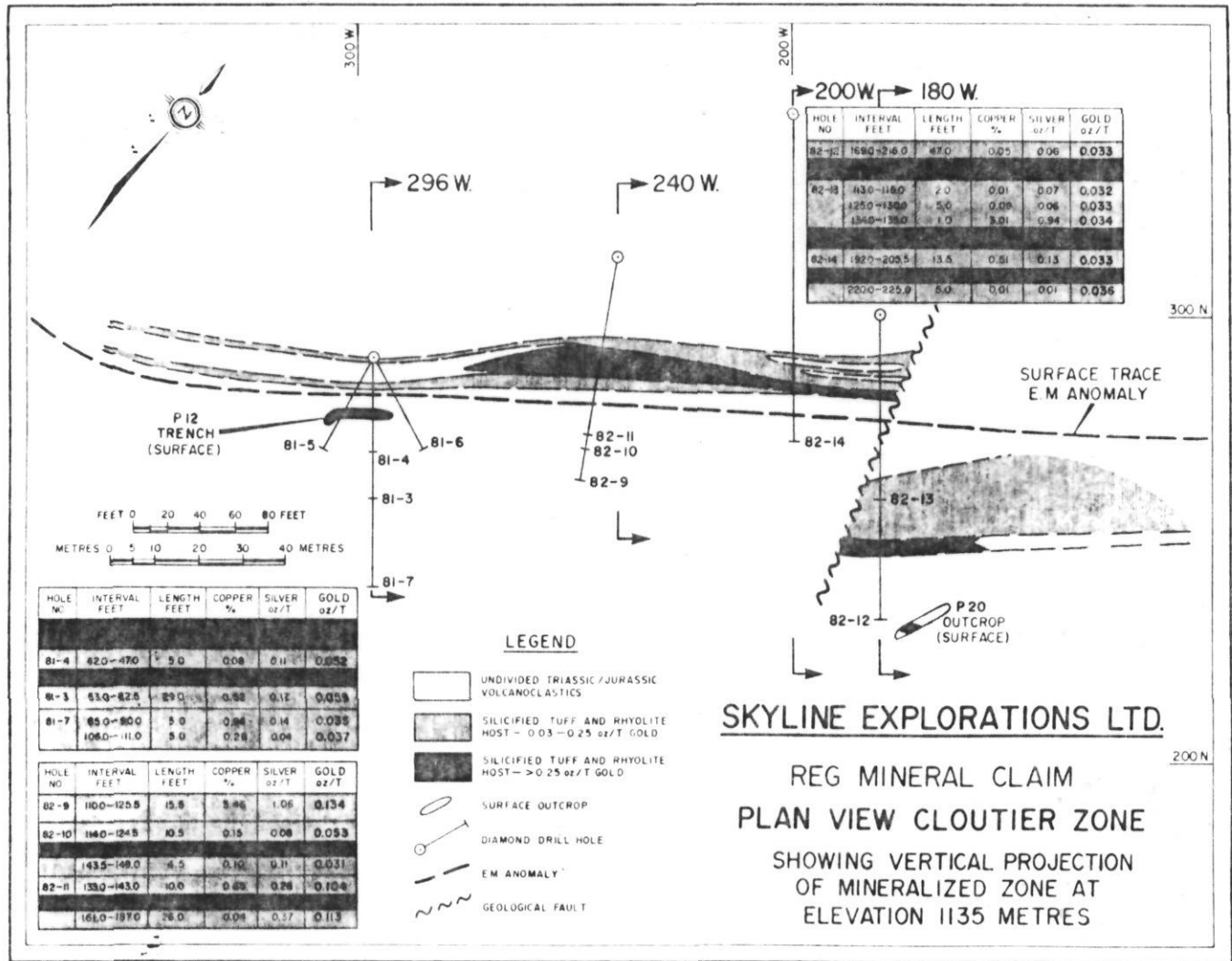
Geophysics are to pinpoint drill targets this season on the Bonanza and Two Barrel zones on Skyline's REG claims in northwest British Columbia.

planned for the Bonanza zone to investigate the high grade showing 4.05 ounces of silver per ton, 2.88 ounces of gold per ton, and 14 percent copper found in 1984.

The 100 percent Skyline-owned claims, which cover 26,291 acres, lie at the north end of the mineral-rich Stewart district in northwest British Columbia. Skyline has been active on the claims since 1980.

High-grade gold has been recovered along a ridge about 6,000 feet high but in an easily drillable location. A number of lead/zinc/silver occurrences have had preliminary trenching done, and the source of high-grade float (175 ounces of silver per ton, 15 percent zinc, eight percent copper, and 0.06 ounces of gold per ton) has been narrowed down.

# COLUMBIA'S NORTH



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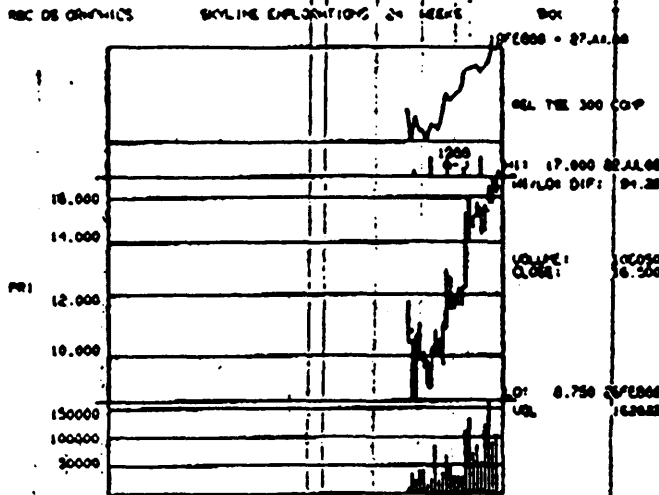
109, 837 W HASTINGS STREET VANCOUVER, B.C. V6C 1B6 (604)683-6865 SKX-VSE



104B107

# SKYLINE EXPLORATIONS LTD. (SKX - \$17)

## Impressive Ore Grades and Start of Production Propel Stock to New Highs — Still Lots of Upside Potential — Buy



Skyline Explorations operates the Johnny Mountain Gold Mine in Northwestern British Columbia. Unlike most other gold stocks which have languished considerably below their 1987 peaks, Skyline has been making new all-time highs in recent weeks. The start of production and continued reports of pockets of high grade ore have contributed to the excitement.

The mine is located two miles south of the Iskut River, 100 km north of Stewart, B.C. in an area of Northwestern British Columbia which has been very active in gold exploration recently.

The Company expects to begin production at the rate of 200 tons per day then move up to the 400 ton per day level some time in 1989. The mine has the potential to produce 60,000 ounces of gold in the first year of operation and 100,000 ounces of gold when full capacity is reached.

Proven and probable reserves total 1,088,000 tons at a grade of 0.704 ounces of gold per ton. However, high grade veins have been discovered containing much greater concentrations. For example, chip sampling in an ore shoot off the Discovery Vein indicated 1.73 ounces per ton over a true width of 8.7 feet.

Initial production will come from an ore stockpile of 53,000 tons with an average grade of 0.73 ounces per ton, of which there are 13,000 tons of broken ore in the stopes with an average grade of 0.85 ounces per ton. Costs on a per-ton-milled basis are expected to be high. However, because of the high mill head grade, direct cash costs on a per-ounce-of-production basis are very favorable at about US\$150 per ounce. Recoveries of approximately 95% are anticipated.

Because of the isolated northern location, weather and transportation will be challenges for this project. However, development has proceeded much as planned with equipment either flown in by Hercules aircraft to a nearby landing strip or brought by winter road up the Iskut River.

The Company expects to spend \$1,000,000 on exploration this year on its 16,000 acre Reg mineral claims, emphasizing an area adjoining the Snp claims where significant gold mineralization has been discovered by the Cominco Limited and Delaware Resources joint venture.

With 8,595,000 common shares outstanding, we believe Skyline has the potential to earn \$1.00 per share in its first year of production and \$2.25 per share at full capacity. Our initial target price is \$25.00 per share.

Andy McQuire/Bev Knox July 25, 1988

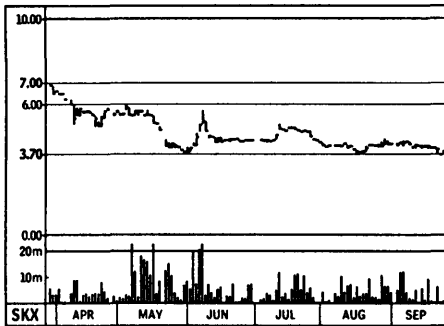


property, Deloro township, Ontario, has yet to be received by the company.

**Skukum Gold Inc** SKV  
Shares issued: 5,364,147 Sep 25 close: \$2.20  
**Private Placement - Debenture**

The VSE has accepted for filing documentation with respect to a trust indenture dated May 15 1989 for the issuance of non-transferable debentures to 16 creditors in the principal amount of \$1,800,000 to mature on May 31 1991 and bear interest at prime plus 1%. The debenture will be secured by a fixed mortgage, pledge and charge respecting the company's right, title and interest to its joint venture agreements and a floating charge on all its undertaking and goodwill and all its property and assets.

**Skyline Gold Corporation** SKX  
Shares issued: 8,754,879 Sep 26 close: \$3.85



### Company Review . . . Significant reduction in operating costs

Mr R. C. Shon reviews the company

After months of commercial production at the company's Johnny Mountain mine in the Iskut River region of northwestern BC, Skyline Gold has achieved a significant reduction in operating costs and a consequent improvement in cash provided by operations.

The cost of producing an ounce of gold and gold equivalents was pared during the third quarter to US\$202 from US\$275 for the nine months to July 31 1989. Despite a further drop in gold prices during this time, the effect of production cost savings was a reduction in the net loss for the quarter ended July 31 1989 to \$347,000 or \$0.04 a share. This compares with a net loss of \$1,135,000 or \$0.13 a share in the prior quarter. Cash provided from operations during the third quarter improved to \$817,000 from \$210,000 in the second quarter.

For the nine months ended July 31 1989, the net loss was \$2,402,000 or \$0.28 per share. The company started up its ore processing facilities in August of last year and began commercial production at the Johnny Mountain gold mine on November 1 1988.

Gold production during the quarter was 12,167 ounces compared to 11,174 ounces in the previous quarter. Silver and copper production totalled 19,832 ounces and 361,631 pounds respectively during the quarter compared with 20,948 and 339,100 pounds for the previous

quarter.

Ore processing in the third quarter averaged 308 tons per day, essentially the same in the previous quarter.

Milling capacity will be increased by the installation of re-grind mill. This mill, scheduled to be in operation in November, is expected to boost processing to an average of 350 tons per day. Gold recovery is expected to rise from 85% to 90%.

### EXPLORATION

The company announced initial results of a three-part, \$2 million exploration program. Its goals are to increase ore reserves, test the continuity of veins in the Stonehouse deposit, and assess development potential throughout the Reg claims. Partial funding for exploration was provided by proceeds of a \$1.25 million flow-through share issue.

The program has been successful in identifying reserves in an ore shoot of the Pickaxe vein similar to one now being mined in the parallel 16 vein. A decision has been made to cross-cut to the Pickaxe vein from present mine workings at the 11 and 12 levels.

A new vein, Homestake, has been located by surface prospecting of the Stonehouse deposit, source of the Johnny Mountain mine. Surface trenching, mapping and sampling are intended to develop a drill target for late-season exploration.

Part two of the program was directed at the McFadden zone, approximately 600 metres south of the Johnny Mountain mine. A long flat hole drilled from Gold Rush intercepted a highly mineralized quartz sulphide vein, identical to veins in the Johnny Mountain system. Other areas of interest are being examined.

In the third part of its summer exploration program, Skyline is examining the Sky Creek-Bronson area, nine square kilometres between Johnny Mountain and the Snip deposit. The new discovery in this area is the Windsock vein, a mineralized structure 1.4 kilometres northeast of the current mine area. Surface stripping, trenching and mapping have established a zone of heavy sulphide mineralization, 15 metres wide and 80 metres long, in three parallel shears, coincident with a strong geophysical anomaly 500 metres in length. This mineralization shows similarities to the main Johnny Mountain production area.

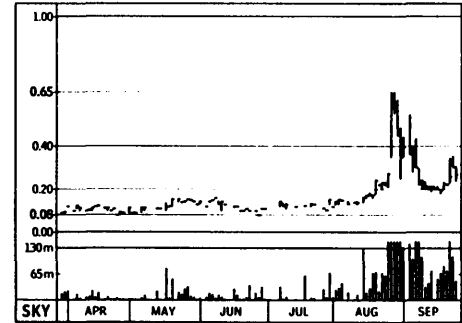
A review of all geophysical, geochemical and geological data from the Sky Creek Bronson area, including Road Show and Mike's Showing, is in progress.

### PRIVATE PLACEMENT

Under negotiation by the company is the private placement of up to \$9.6 million in convertible redeemable debentures.

**Vancouver Stockwatch on CMQ**  
Brokers across Canada can now access Stockwatch News Retrieval on their CMQ terminals. Instant news on their desks minutes after we receive it from the companies. Historical information too.  
Call Thom Holland at (604) 669-6033.

**Skyrocket Exploration & Resources** SKY  
Shares issued: 4,717,995 Sep 26 close: \$0.27



### News Release . . . Skyrocket-Parallax squabble continues

Parallax Development Corporation (PLX)

Mr Arne Sanders reports

A first right of refusal was made to Parallax Development on Sunday September 24 by fax to their office and an original offer sent by courier to their office on Monday September 25 1989. The offer is as follows:

Skyrocket has made an offer to Parallax, first right of refusal to earn a 40% interest in the Boy claims No. 15, record No. 8602, in the Kamloops mining division by spending \$100,000 in the first year, from signing the formal option to purchase agreement. Also to spend \$100,000 in the second year of the signing the formal option to purchase agreement which is to be signed no later than 45 days from the date of this letter (September 25 1989) by both parties.

This option to purchase agreement will be drawn up to Andy Van Heukelom, company lawyer for Skyrocket.

For and in consideration of the sum of \$1.00 paid to Skyrocket from Parallax this agreement becomes legal and binding as indicated by their signatures below.

Editor's note:

(The signature of Arne Sanders appeared on the document and while space was provided for the signature of Robert Tsuida, president of Parallax, his signature was not on the document.)

### News Release . . . Parallax says no deal with Skyrocket

See Parallax Development Corporation (PLX) News Release

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Call Thom Holland at (604) 669-6033.

## Announcement



Maurice E. Marwood

Canadian Foremost Ltd. is pleased to announce the appointment of Mr. Maurice E. Marwood to the position of Senior Vice President and Chief Operating Officer. He has also been elected to the Board of Directors of the Corporation.

Mr. Marwood has over 23 years of international business experience in manufacturing, customer service, marketing and administrative positions associated with the distribution of industrial products and services throughout the world. He spent 20 years with a major industrial multinational company in various assignments throughout the world. His recent experience was with a Canadian motor vehicle manufacturer as Vice President of Operations and Vice President of Sales and Marketing for Canada. At Canadian Foremost Ltd. Mr. Marwood will be responsible for the company's day-to-day operations, sales, marketing and financial control.

Canadian Foremost Ltd. specializes in the design, manufacture and marketing of high-mobility all-terrain vehicles, hydraulic oil-field pumping systems, and mineral exploration drilling equipment. \*

## Pipe firm eyes link

# Road to production rocky for Johnny Mountain mine

BY ALLAN ROBINSON  
The Globe and Mail

After a rocky and expensive startup, the future of the Johnny Mountain gold mine is as clouded as the mountain peaks that surround it in the highly promoted Iskut River gold camp of north-western British Columbia.

The mine, owned by Skyline Explorations Ltd. of Vancouver, is up for sale only five months after the Aug. 17 official opening.

During the past few weeks, the 8.7 million shares have swung between \$8 and \$12, down from their peak of \$17.75. The shares closed yesterday at \$11 after changing hands for most of the day at about \$10 in unusually active trading. There was heavy selling from McDermid St. Lawrence Ltd., a Vancouver-based broker.

For Ronald Shon, chairman and chief executive of Skyline, whose expertise lies in real estate rather than mining, it has been an education. He owns 18.3 per cent of Skyline and a company he controls has advanced \$9.5-million to it. A bank has also advanced \$3.5-million.

"We are trying to run the company on a much more conservative, fundamental basis," Mr. Shon said. "I am trying to inject some order into the thing."

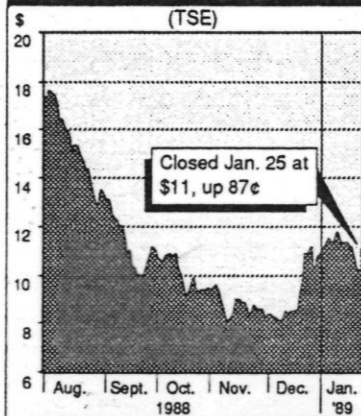
That transformation from a promotion-oriented company to a more conservative producer has not been without pain, but Mr. Shon is optimistic about the future and the drilling prospects.

New estimates of reserves show 56,000 tons of broken ore grading 0.66 ounces of gold a ton, along with 49,000 tons of "proven" ore grading 0.93 ounces a ton. Together, the reserves point to a target of 82,530 ounces of gold.

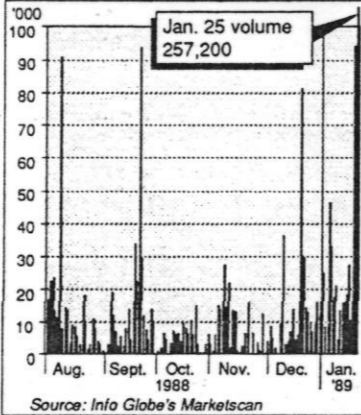
Those are lower estimates than were published in early 1988, which indicated 121,000 tons of measured tons grading almost 1.25 ounces a ton.

The trick for the future of Skyline

### Skyline's price action



### Volume



Source: Info Globe's Marketscan

will be to firm up the existence of another 495,000 tons of "possible" reserves grading 0.5 of an ounce of gold a ton and add that to the 86,000 tons of reserves grading 0.69 now classified as "probable."

Over all, instead of 1.1 million tons of reserves grading 0.704 ounces of gold, the new forecasts call for 686,000 tons grading 0.57 ounces a ton.

The new reserve calculations, by mining consultant David Robertson, take into account that, based on the mining experience so far, only one-third of the rock has made ore grade, rather than the one-half originally forecast. In previous years, there was no cut-off grade in calculating reserves

and now it has been set at 0.3 of an ounce of gold a ton.

Reaching the production target of 5,000 ounces of gold a month has been difficult and the mine has fallen far short. In September, the mine produced only 971 ounces but production has risen steadily and reached 4,237 ounces in December. "We expect to reach 4,800 ounces to 5,000 ounces by the end of the month," Mr. Shon said.

The company has stopped using cyanide at the plant, which eliminates environmental problems and cuts costs, he said. Production costs are estimated at \$230 (U.S.) an ounce.

Skyline is on record as wanting to increase daily production to 450 tons of ore from the current daily target of 300 tons. "In order to feed that higher level we would require money for further development, accommodation, infrastructure and some new equipment," Mr. Shon said.

During the past year, the capital costs of the mine have risen \$3.9-million (Canadian) to \$13.2-million and deferred pre-production expenditures rose \$16.7-million to \$30.2-million.

Reginald Davis, now president of Skyline, will not be reappointed as a director or as president, according to the latest proxy statement.

Ronald Adie, a director of the company, has stepped down as vice-president of finance, although he will remain a financial consultant to the company.

On Sept. 20, 1988, Elizabeth Harrison, a lawyer, was appointed to the board and a second lawyer has also been nominated to the board.

William Price, a vice-president and chief operating officer since October, has taken over responsibility for mining operations. Mr. Price, who is the former general manager of Blackdome Mining Corp. of Toronto and who has experience in vein-type deposits and startups, has been nominated to the board.

Auditors Peat Marwick are expected to replace Morgan & Co. of Vancouver at the Feb. 10 annual meeting in Vancouver.

Mr. Shon is optimistic about the future. RBC Dominion Securities Inc. and Walwyn Stodgell Cochran Murray Ltd. have been hired to find a buyer for the company. RBC Dominion was recommending the shares as a buy at \$17 in September.

Drilling results since October have been encouraging, confirming more of the reserves, Mr. Shon said. He is also optimistic, based on

## Institute and fund discuss future of vaccine division

Canadian Press  
MONTREAL

The Armand Frappier Institute and a union investment fund are continuing to bargain over the fund's offer to buy the institute's money-losing vaccine division.

In laying out conditions for the sale, the institute gave Solidarity Fund until Monday to respond, or talks with Connaught Laboratories Ltd. of Toronto would resume.

Shortly after the deadline passed, the fund presented a counter-offer that is good until Friday.

Connaught, the only other commercial vaccine producer in Canada, made an offer last month that is valid until Jan. 31 on the vaccine division.

But the idea that an Ontario company might control, and eventually reduce, an important operation of the institute brought the transaction under heavy fire in the province.

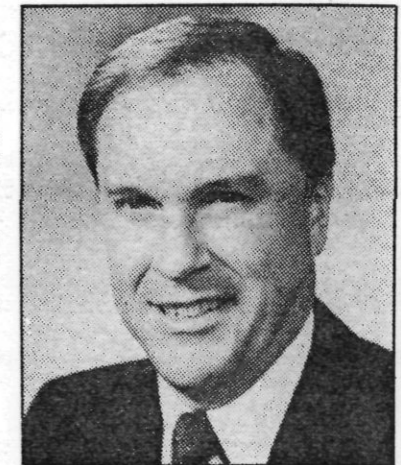
The research centre, a branch of the University of Quebec, put its commercial operations up for sale because of annual deficits of \$3.5-million to \$4.5-million in the past three years.

drilling results, about the potential of the Skyline property adjacent to the SNIP property of Cominco Ltd. and Delaware Resources Ltd. "What we are talking about involves a great amount of money," he said.

Skyline's cash has dropped to nil from \$12.2-million at the beginning of the year. Mr. Shon has arranged interim financing with a bank for the company to meet its working capital requirements.

At the annual meeting, shareholders will be asked to approve a change in name to Skyline Gold Corp. from Skyline Explorations to reflect its status as a gold producer from an exploration company.

## Union Carbide Canada Limited



A. S. Cole

The appointment of Allan S. Cole as Vice-President, Corporate Services, and Treasurer of Union Carbide Canada Limited has been announced by W. Norman Kissick, Chairman and Chief Executive Officer. Mr. Cole assumes responsibility for the company's treasury functions, in addition to his current corporate service responsibilities. In his 17 years with Union Carbide Canada, Mr. Cole has progressed through a variety of assignments in operations, marketing and finance.

intersection of 7.3 ft grading 0.39 oz/ton Au and 0.86 oz/ton Ag.

A second drill has been brought onto the property to specifically drill this vein.

Boreholes 82715 to 82721 and 82723 to 82730 tested the North vein. The new step out discovery North vein is an east-west striking quartz-calcite-adularia vein in trachyte. The vein width is generally narrow but gold values in the vein(s) are high. Intersections grading 0.08 oz/ton Au and greater are listed below:

HOLE	FROM TO (FT)	LENGTH	OZ/T AG	OZ/T AU
82708	231.6-238.9	7.3	0.39	0.86
82709	708.2-715.1	6.9	0.11	0.16
82715	170.9-173.0	2.1	0.13	0.63
	187.3-188.1	0.8	0.96	3.31
82716	Weak mineralization			
82717	145.7-147.0	1.3	0.09	0.14
82718	Weak mineralization			
82719	309.7-312.1	2.4	0.18	0.69
	391.0-394.3	3.3	0.08	0.02
82720	220.2-223.1	2.9	0.47	1.83
82721	147.4-148.4	1.0	0.09	0.12
	209.4-210.3	0.9	0.17	1.01
	304.1-305.4	1.3	0.53	1.50
82723	153.3-154.1	0.8	1.40	4.45
	166.2-166.7	0.5	1.14	3.42
	170.7-171.2	0.5	1.24	0.64
82724	221.0-229.4	8.4	0.66	2.41
82725	171.0-173.9	2.9	0.21	0.60
82726	296.9-299.4	1.5	0.60	3.07
82727	220.9-221.4	0.5	0.16	0.49
	225.9-227.0	1.1	0.65	2.62
82728	356.7-357.4	0.7	1.12	2.73
82729	190.3-195.0	4.7	0.10	0.19
	201.1-202.6	1.5	0.29	1.23
	205.0-206.5	1.5	0.09	0.20
82730	371.9-373.9	2.0	0.38	1.43
	383.3-387.6	4.3	0.42	2.48

The drilling has tested 1000 ft of the new strike which is still open to the east and west and also open ended to a vertical depth of 300 ft. A new line of holes are planned to undercut the zone to 600 ft to show depth and tonnage.

Drilling to date is well ahead of budget and schedule.

Further results will follow when available.

**Shamrock Resources Inc** SHJ  
Shares issued: 6,818,657 Jul 28 close: \$0.50  
Normal Course Issuers Bid

The VSE has been advised by the company that pursuant to a notice of intention to make a normal course purchase dated July 19 1989 by No. 136 Sail View Ventures for a maximum of 100,000 shares for investment purposes, through the facilities of the VSE during the period June 27 1989 to December 23 1989.

**Silver Sceptre Mines Ltd** SST  
Shares issued: 14,766,541 Aug 2 close: \$0.03  
Property Agreement

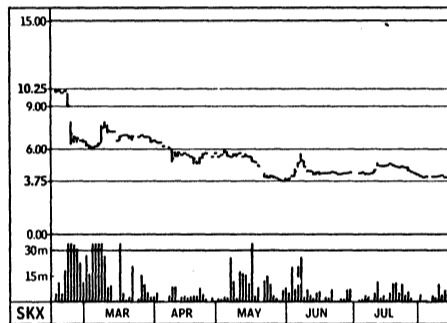
The VSE has accepted for filing the following:

An agreement dated April 27 1989 with Klondike Reef Mines in which the company granted Klondike an option to acquire a 50% interest in certain mineral claims situated in the Dawson mining district, Yukon for incurring \$210,000 of exploration expenditures on or before December 31 1993. Upon Klondike earning a 50% interest the company and Klondike will enter into a joint venture for further exploration.

An amending agreement dated December 16

1988 with the Dawson Syndicate (1983) the optionor of the above property pursuant to a June 15 1984 option agreement, to defer the advance royalty payment of \$40,000 per annum, scheduled to commence in 1989, for three years and the payment will be reduced by 50% for the first two years in which it is payable.

**Skyline Gold Corporation** REG SKX  
Shares issued: 8,754,879 Aug 15 close: \$4.05



#### News Release . . . Results of \$2m exploration program at Johnny Mtn claims

Mr William Price reports:

The company has received the initial results of a three part, \$2,000,000 exploration program on the Johnny Mountain mine in the Iskut River region, BC. The aim of the program, launched in June 1989, is to increase ore reserves, explore extensions of the Stonehouse deposit, and assess the development potential of the Reg claims 18,800 acres 175 miles northwest of Terrace under the 100% ownership of Skyline Gold.

The program has already been successful in identifying reserves in an ore shoot of the Pickaxe vein similar to one now being mined in the parallel 16 vein. Seven holes have intercepted Pickaxe between two faults believed to be those forming the structural control for the 16 vein.

INTERCEPT (M)	OZ/TON AU
True thickness	
Drilled from underground	
0.7	.844
1.7	.318
Drilled from surface	
0.3	.324
0.4	.603
1.4	1.180
1.5	.310
0.9	.310
1988 Pickaxe intersections	
1.0	.862
0.9	.307
0.3	1.180
0.3	.326
0.9	1.193
0.5	1.098

A decision has been made to cross-cut to the Pickaxe vein from present mine workings at the 11 and 12 levels. Development of this Pickaxe ore will increase reserves available to the mill and take precedence over ore at depth, which is costlier to mine.

Surface prospecting of the Stonehouse deposit, source of the Johnny Mountain mine, has located a new vein, christened Homestake, running parallel to and north of the Discovery vein. Surface trenching, mapping and sampling will be

conducted to develop a possible drill target for late season exploration.

Meanwhile, drilling continues on the 16 vein and surface drilling is scheduled for the Gold Rush vein and other geophysical conductors.

Part two of the Skyline Gold program was directed at the McFadden zone, approximately 600m south of the Johnny Mountain mine. A long, flat hole drilled from Gold Rush intercepted a highly mineralized quartz-sulphide vein, identical to the mine's vein system. Further drilling will take place later in the season.

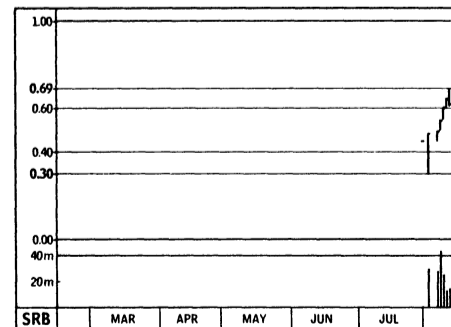
A large gossanous outcrop, up ice from the McFadden zone, will be investigated by rock sampling and mapping. Other areas of interest are being examined with UTEM geophysical methods.

In the third part of the summer exploration program, Skyline is examining the Sky Creek-Bronson area, nine sq km, between Johnny Mountain and the Snip deposit. Geological mapping, line cutting, geophysical studies and soil sampling are now 50% complete. This includes re-examination of the previously drilled Road Show and Mike's showing. Additional drilling is under consideration.

The new discovery in this area is the Windssock vein, a mineralized structure 1.4km northeast of the mine area on Johnny Flats. Surface stripping, trenching and mapping have established a zone of heavy sulphide mineralization, 15m wide and 80m long, in three parallel shears, coincident with a strong geophysical anomaly 400m in length. Mineralization shows similarities to the main Johnny Mountain production area.

A review of all geophysical, geochemical and geological data from the Sky-Creek Bronson area is scheduled for mid-September. Results of this review will determine new drill targets to be explored later this season, as the Skyline Gold exploration program continues.

**Solomon Resources Limited** SRB  
Shares issued: 10,934,533 Aug 15 close: \$0.60



#### News Release . . . Solomon to earn interest in BC properties from Winslow and Teuton

Teuton Resources Corporation (TUO)

Winslow Gold Corp (WGC)

Mr Lawrence Nagy reports:

Solomon has signed letters of agreement with Winslow Gold, Teuton Resources and Northwind Ventures whereby Solomon can earn

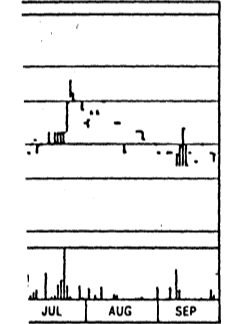
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Kamloops, BC.  
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for a massive sulphide  
Gold and Minnova's

RRX  
Sep 27 close: \$0.18



units at \$5000

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\$300,000. Each unit  
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project.

SND  
Sep 14 close: \$0.25

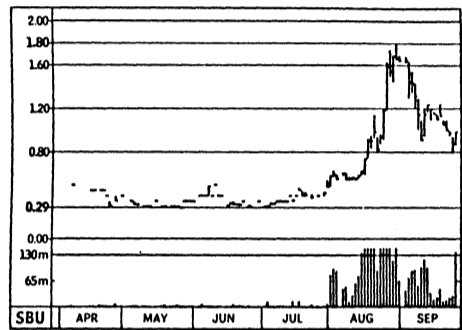
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nc SHS  
Sep 27 close: \$0.60

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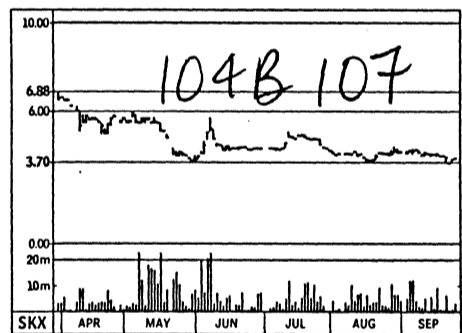
Silver Butte Resources Ltd SBU  
Shares issued: 5,450,553 Sep 27 close: \$1.00



News Release . . . 3000 ft of drilling completed  
on Sib claims; 3000 ft to follow

See American Fibre Corporation (AFB) News  
Release

Skyline Gold Corporation REG SKX  
Shares issued: 8,754,879 Sep 27 close: \$3.90



News Release . . . Johnny Mountain produces  
12,167 oz gold and 19,832 oz silver in third  
quarter

Mr W. Larry Millar reports  
Skyline Gold Corporation has reduced  
production costs from its Johnny Mountain mine  
in the Iskut River/Eskay Creek region of  
northwestern BC to US\$202 per ounce of gold  
and gold equivalents in the third quarter.

Despite a further drop in gold prices, the effect of  
production cost savings was a reduction in the  
net loss for the quarter ended July 31 1989 to  
\$347,000 or \$0.04 per share. This compares with  
a net loss of \$1,135,000 or \$0.13 per share in the  
prior quarter. Cash flow from operations during  
the third quarter improved to \$817,000 from  
\$210,000 in the second quarter.

The Johnny Mountain mine, the only gold  
producer in the Iskut River region, began  
commercial production of gold, silver and copper  
in November 1988.

During the third quarter, the mine produced  
12,167 ounces of gold, up from 11,174 ounces in  
the previous quarter. The mine also produced  
19,382 ounces of silver and 361,631 pounds of  
copper in the third quarter.

The company is installing a re-grind mill which  
will increase production capacity and gold  
recovery and have a substantial positive impact  
on cash flow.

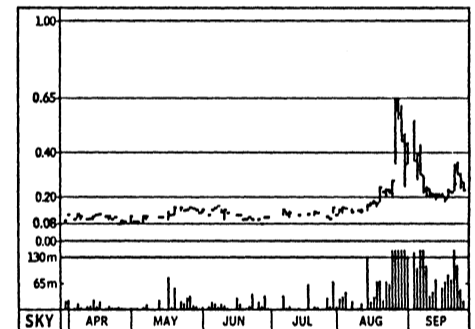
With respect to Skyline's three-part, \$2 million

exploration program, the company was  
successful in identifying additional reserves in  
an ore shoot of the Pickaxe vein and locating a  
new gold vein called Homestake. Other  
exploration work is concentrated on the  
McFadden zone and the newly discovered  
Windsock mineralization in the Sky  
Creek/Bronson area.

The results of the Pickaxe program will be  
included in an update on reserves to be done on  
October 31 1989.

Skyline is also negotiating a private placement of  
up to \$9.6 million in convertible redeemable  
debentures, the proceeds of which will be used to  
increase working capital, increase mine capacity  
and to replace other higher-cost debt.

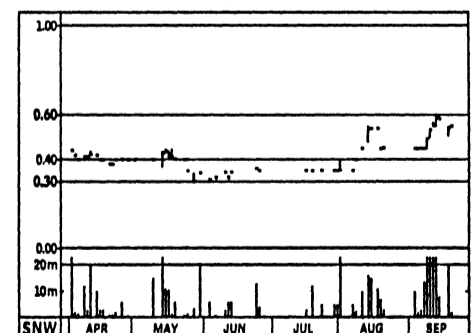
Skyrocket Exploration & Resources SKY  
Shares issued: 4,717,995 Sep 27 close: \$0.23



News Release . . . Director appointed  
Mr Arne Sanders reports

Mr Dean Sanders has been elected to the board of  
directors.

Snow-Water Resources Ltd SNW  
Shares issued: 4,337,980 Sep 21 close: \$0.55



News Release . . . Teck to earn 75% interest in  
Snow Water's Whitewater property

Mr Henry Zukowski reports  
The company has entered into an option joint  
venture agreement with Teck Corporation,  
whereby Teck has the right to earn a 75%  
interest in the company's Whitewater property  
located on Snowwater Creek in the Nelson  
mining division, by:

1. Making on or before July 31 1994, an  
aggregate \$560,000 in cash payments and  
incurring an aggregate of \$2.5 million in  
expenditures; and

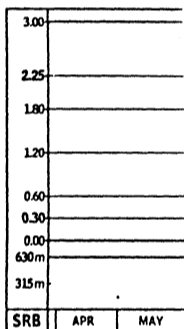
2. By July 31 1994  
report, produc  
proceed to pl  
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Teck Corporation r  
75% interest for tw  
cash payments to  
year.

The agreement is su

Resume Trading  
Effective at the o  
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an announcement

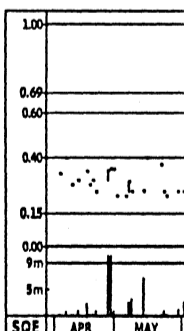
Solomon Resource  
Shares issued: 10,93



News Release . . . C  
Solomon's mineral

See Oliver Gold  
Release

Startec Marketing C  
Shares issued: 2,350,



News Release . . .  
tendered under Sta

Mr William Grant r  
97% of the total 1.46  
tendered for Startec  
for two Vitality shar  
an independent eval  
Prior approval was  
approximate 710,00  
subject to a one-yea  
Vitality Products Ltd  
marketing company  
Mr Leslie A. Strike w  
president and CEO  
president and COO  
(soon to be rena



10% on the first \$300,000 raised, 7.5% on the next \$700,000 and 5% of the amount raised over 1,000,000.

By agreements dated June 7 1989, the company borrowed from Udex Capital Inc, Monaco Investment Corp and Cecil E. Spearman the sums of \$26,750, \$26,750 and \$11,822 respectively. The loans are repayable on or before December 7 1989 and bear simple interest at the annual rate of 15%. In consideration for the loans the company has granted to the lenders warrants for the purchase of 4240, 4240 and 1870 shares respectively. The warrants are exercisable on or before December 7 1989 at \$2.52 per share.

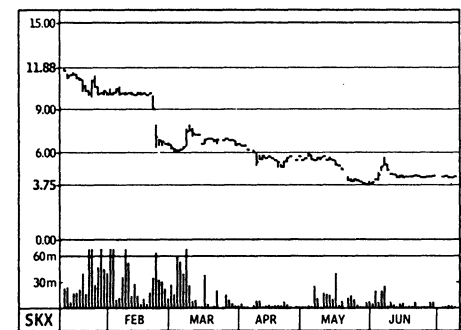
The company has granted options on 50,000 shares at \$1.81 expiring March 27 1994 to Michael Varner and 27,100 shares at \$2.27 expiring April 24 1994 to Bob Schellenberg.

**Score Resources Ltd** SCO  
Shares issued: 2,833,275 Aug 14/86 close: \$0.19  
Shares Delisted From VSE

The company has been suspended for an extended period of time. The company has been advised that it must either submit a reactivation plan to the exchange and diligently implement such plan to warrant reinstating of the company's shares for trading or, if the company has already submitted a reactivation plan to have the shares actively trading by July 5 1989.

The company has not met the deadline. Accordingly, effective at the close of trading July 7 1989, the company was delisted.

**Skyline Gold Corporation** SKX  
Shares issued: 8,754,879 Jul 11 close: \$4.35



**STONEHOUSE**  
Company Review . . . \$2m summer exploration plan outlined  
Mr R.C. Shon reviews the company:

Operations for the first three months ended April 30 1989 resulted in a net loss of \$1,135,000 or \$0.13 per share. This increased the loss reported in the first six months of operations ending April 30 1989 to \$2,055,000 or \$0.24 per share.

Ore processing in the current quarter averaged 307 tons per operating day, or 25% higher than the 245 tones per day in the first quarter. Increased throughput was achieved mainly through reduced downtime related to the plant modification program started last fall.

An additional 4,100m of underground drilling was completed on the 16 Vein in the second

quarter. This drilling has been highly successful. The new reserve estimate indicates reserves increased 28% or 190,000 tons. The reserve estimate which reflects a cut-off grade of 0.3 oz gold per ton is as follows:

Broken ore	54,000	0.50
Proven	51,000	0.84
Probable	91,000	0.82
Possible	680,000	0.50
	-----	-----
	876,000	0.55

The company recently announced a \$2.0 million exploration program for the 1989 summer season. The program is divided into three areas. The first covers the 16, Discovery, Pick Axe and Gold Rush veins which comprise the Stonehouse deposit. A total of 10,000m of surface and underground drilling is expected to be completed.

The second area involves the comprehensive evaluation of an area located approximately 600m east of the existing mine workings, known as the McFadden zone. Surface samples taken from an area 25 by 300m lying at the base of a glacier has indicated the existence of high grade gold mineralization. The objective of the current work program is to locate the source of this mineralization. Diamond drilling is also planned.

The third area of concentration in the summer exploration program is the company's property located between the Snip deposit and the Stonehouse deposit. A 9 square km area will be evaluated by a comprehensive exploration program. The objective of the program is to locate the possible extension of the Twin zone of the Snip deposit on the company's property. A total of 5,000m of diamond drilling is expected to be completed.

A new accounting policy for recording mine development costs was implemented in the quarter; accordingly results for the first quarter were restated to reflect this.

Discussions relating to the sale of the company and finding a new joint venture partner to accelerate the exploration of the northern portion of the company's Reg property have been terminated. Management has re-directed its efforts to aggressively explore its property without outside assistance, utilizing internally generated funds and flow-through financing.

**Steed Ventures Corporation** SVJ  
Shares issued: 1,731,887 Jul 5/88 close: \$0.18  
Shares Delisted From VSE

The company has been suspended for an extended period of time. The company has been advised that it must either submit a reactivation plan to the exchange and diligently implement such plan to warrant reinstating of the company's shares for trading or, if the company has already submitted a reactivation plan to have the shares actively trading by July 5 1989.

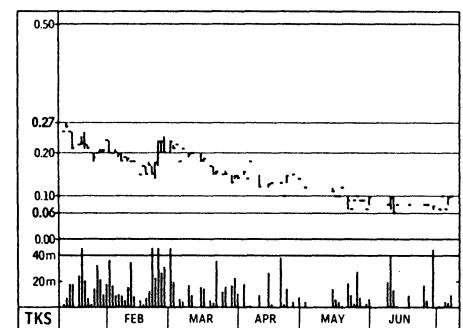
The company has not met the deadline. Accordingly, effective at the close of trading July 7 1989, the company was delisted.

**Surewin Resources Corp** SWC  
Shares issued: 611,744  
Shares Delisted From VSE

The company has been suspended for an extended period of time. The company has been advised that it must either submit a reactivation plan to the exchange and diligently implement such plan to warrant reinstating of the company's shares for trading or, if the company has already submitted a reactivation plan to have the shares actively trading by July 5 1989.

The company has not met the deadline. Accordingly, effective at the close of trading July 7 1989, the company was delisted.

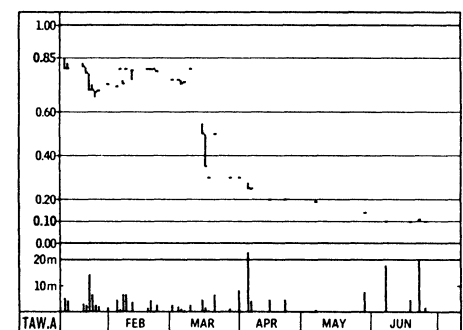
**Tamavack Resources Inc** TKS  
Shares issued: 8,977,912 Jul 10 close: \$0.10



**News Release . . . Cons Powergem, Tamavack and Calvada: Albino Lake drilling program proposed**

See Consolidated Powergem Resource Corp (CGM) News Release

**Terrawest Industries Inc** TAW.A  
Shares issued: 7,792,100 Jun 27 close: \$0.10



**News Release . . . 2,250,000 escrow shares to be cancelled**

Mr Robert Chapman reports:  
The company will be making application to the Vancouver stock exchange for an order cancelling 2,250,000 escrow shares held pursuant to an escrow agreement between the company, its transfer agent and certain shareholders of the company. The escrow shares were originally issued to certain shareholders of the company in consideration for the vend-in by such shareholders of a business plan for the operation of a geomembrane manufacturing plant. The company's wholly-owned subsidiary, PolyNova Systems Inc, has sold the

VANCOUVER STOCK EXCHANGE - SHORT POSITION REPORT - OCTOBER 7, 1981

Alca Resources	14,200	Cumo Resources	10,600	Joy Industries		Pegasus Gold	10,200
Amore Resourc.	11,000	Datumone Petroleum		Warrants	17 0	Pez Resources	
Arizona Silver		Warrants	13,000	La Teko Resources		Warrants	113,500
Corp.	16,500	David Minerals	19,800		24,300	Rideau Resources	
Banner Resources		Donegal Resources		Laco Resources Inc.		Corp.	19,400
Ltd.	78,900		14,500	Warrants	48,000	Starburst Energy	
Benson Mines	15,000	General Energy		Loredi Resources	9,200	Corp.	10,000
Brent Petroleum		Corp.	20,820	Mar-Gold Resources		Starburst Energy Corp.	
Industries	13,400	Grove Explorations		Warrants	15,500	Warrants	21,500
Copper Lake			28,200	New Cinch Uranium		Velvet Exploration	
Explorations	13,200	Heartland Oil & Gas			19,900	Co.	12,600
Corona Res.	308,250	Corp. WT.	58,000	Mi-Cal Developments		20th Century Energy	
		Host Ventures	11,200		10,800	Corp.	13,300

PIPESTONE PETROLEUMS INC.

**CURRENT OIL/GAS ACTIVITIES -** Pipestone Petroleum Inc. director Hal Kettleon announces that **INCLUDE TWO WELLS SPUDDING** their U.S. subsidiary hold 13.3% working interest, 10% net revenue interest, in a 4,600-foot Misener test now spudded on the Chapman Ranch property in Hughes county, Oklahoma. The well will also be testing the Calvin, Sonora, Thurmand, Booch, and Gilcrease zones, all of which have shown production in adjacent wells. The well is financed from current cash flow.

Mr. Kettleon also announces that a well will be spudded shortly in Section 19-12-29 WPM in Manitoba to test the Lodgepole and Bakken formations. The well is being financed by a company organized drillfund. Pipestone will retain 15% working interest to payout and 45% after payout.

Saskoil Resources Inc. has been granted an option to earn 50% working interest in the N.W. ¼ of Section 7-12-29 WPM by drilling a well in that 160-acre parcel before 1Nov81. Pipestone will retain 20% working interest in the well to payout and 50% after payout, as well as 50% working interest in the remaining three locations on the land parcel.

SKYLINE EXPLORATIONS LTD.

104B107?

**FIRST RESULTS OF 1981 WORK ON B.C. GOLD PROPERTY ARE REPORTED** - Reg. Davis, president, reports that Skyline Explorations Ltd. have completed their 1981 exploration program on the Reg Group at Johnny Mountain, south of the Iskut River and about 75 miles NW of Stewart, B.C. The program consisted of prospecting, trenching, mapping, geophysical surveying and diamond drilling.

Recently received assay results from a 12½-foot section in Hole 81-6 averaged 0.464 ounce gold and 0.48 ounce silver per ton plus 0.75% copper. This section was within a 61-foot inter-section that averaged 0.128 oz. gold per ton. More assays are awaited.

Mr. Davis says, "The valuable minerals are located along contacts of one or more rhyolite flows with volcanic breccias. This favorable assemblage with associated mineral showings of interest has now been located over an area measuring about 3,000 by 4,000 feet and promising showings have been found over an area nearly as large outside this area of main interest."

FAIRWIND PETROLEUM RESOURCES LTD.

**U.S. OIL PLAY PACKAGED** - Fairwind Petroleum Resources Ltd., a private Vancouver company which is planning to make a public offering in the next year as market conditions permit, is actively creating in-house oil and gas plays in several counties in Texas. Fairwind prefers low to medium risk plays. The company has interests in 7,000 acres and has participated in the drilling of five wells. Four of the wells are now on production, providing a positive cash flow to the firm. These wells are in Bastrop, Frio and Lee counties. The play now packaged has 21 potential pay sands including the Austin Chalk. The project was put together with West Petro Energy of Houston, Texas which has an engineer and geologist on staff and is operator of the drilling program.

Barrie Jantzen, president of Fairwind, stated that the company has been seeking participants in the play. The offices are at Suite 113 - 675 West Hastings St., Vancouver, B.C., phone 687-33

FOR THE RECORD

Loredi Resources Ltd. president Donald Higgett has announced acquisition of from 3.8% to 11.25% interest in 3,840 acres in the Willesden Green area, Alberta from Desperado Resources Limited for approximately \$900,000. The net reserves to be acquired, as calculated by an independent engineer are 108,000 barrels of oil and condensate and 878,000,000 cubic feet of gas before royalties. The prospect was discovered by Sienna

GCNL #210 30 OCT 1984

SKYLINE EXPLORATIONS LTD. (SKX-V) 104-20, III (104B 107)

ENCOURAGING ASSAYS REPORTED - R.E. Davis, president of Skyline Exploration Ltd. has reported that the 1984 program was FROM THREE DRILL HOLES completed Oct.7, on the Reg property on Johnny mountain 50 miles north of Stewart, B.C. The work increased the tonnage potential of the gold-silver-copper Cloutier-R16 zone. Last year's drilling confirmed the presence of a major mineral deposit comprising a number of overlapping sulphide lenses called the Cloutier, R16, Pick-Axe, R13, and R19 zones.

The Cloutier-R15 zone forms the most extensive zone extending over a known east-west length of at least 2,200 feet and includes at least six major gold bearing lenses within a width of about 500 feet. Holes 84-52, 84-53 and 84-54 intersected the high grade R16 zone mineralization which had been outlined in holes in 1982 and 1983. The mineralization extends to at least 525 feet below surface.

He said the results show the extensive nature of the Reg gold mineralization zone which remains open at depth and along strike. Further results from the 1984 program will be reported. (See table of assays overleaf).

SKYLINE EXPLORATIONS LTD.

ASSAY RESULTS FROM 1984 DRILLING ON CLOUTIER ZONE:

Hole	Sample No.	From Feet	To Feet	Interval Feet	Copper %	Zinc %	Silver oz/st	Gold oz/st
<u>84-52</u>	8161	379.0	383.0	4.0	.60	.01	.55	.024
	8162	383.0	387.0	4.0	1.03	.05	1.27	.050
	8163	387.0	392.5	5.5	.09	.08	.24	.400
	8164	392.5	395.0	2.5	.12	3.75	1.19	1.620
	8165	395.0	398.0	3.0	.19	.08	.32	.038
	Average	379.0	398.0	19.0	.42	.55	.66	.351
	8174	448.0	451.0	3.0	1.35	.06	1.41	.086
	8175	451.0	454.0	3.0	1.24	.01	1.00	.840
	8176	454.0	460.0	6.0	.02	.01	.17	.065
	8177	460.0	463.0	3.0	.27	.30	3.92	1.920
	Average	448.0	463.0	15.0	.58	.08	1.33	.595
<u>84-53</u>	8195	449.0	454.0	5.0	1.54	.02	.52	.056
	8196	454.0	459.0	5.0	3.92	.11	1.11	.018
	Average	449.0	459.0	10.0	2.73	.07	.82	.037
	8199	468.0	472.0	4.0	.01	.02	.04	.021
	8200	472.0	477.0	5.0	.01	.15	.07	.019
	8201	477.0	482.0	5.0	.03	.55	.16	.098
	8202	482.0	487.0	5.0	.04	.12	.49	2.360
	Average	468.0	487.0	19.0	.02	.22	.20	.657
<u>84-54</u>	8223	411.5	417.5	6.0	.15	.12	.18	.165
	8224	417.5	419.5	2.0	1.08	.03	.65	.915
	Average	411.5	419.5	8.0	.38	.10	.30	.352

## Skyline's Johnny Mountain venture shows major gold/silver/copper deposit

**JOHNNY MOUNTAIN, British Columbia**—The joint venture between Skyline Resources Ltd., Placer Development Ltd., and Anaconda Canada Exploration Ltd., at their Johnny Mountain, British Columbia, site has some good news resulting from their 1983 exploration program.

The C\$1.2 million exploration project included 23 NQ diamond drill core holes, an airborne geophysical survey, ground geophysical surveys, soil and stream silt surveys, trenching, prospecting, and geological studies. The results were a confirmation of the presence of a major gold/silver/copper mineral deposit.

Previous work by Skyline had indicated the potential for multiple zones of high-grade gold/silver/copper mineralization on the property. These zones included the Cloutier Zone, Pick-Axe Zone, and the McFadden Float Zone.

The Cloutier Zone received the most development work by Skyline in 1981 and during 1982, which indicated a potentially large, high-grade gold/silver/copper deposit hosted in a lower Jurassic volcanic sequence. This work showed gold-rich pyrite-chalcopyrite mineralization in several diamond drill holes with the following assays:

Hole No.	Interval Feet	Length Feet	Copper %	Silver oz/ton	Gold oz/ton
81-6	52.5- 65.0	12.5	0.75	0.48	0.464
	21.0- 82.0	61.0	0.19	0.15	0.128
82-10	124.5-143.5	19.0	3.48	1.25	0.271
82-11	143.0-161.0	18.0	0.14	0.31	0.621
82-12	216.0-223.0	7.0	0.01	0.28	0.641
82-13	135.0-143.0	8.0	0.04	0.17	0.432
82-14	205.5-220.0	14.5	0.06	1.95	4.459

The results of this work were confirmed by the joint venture in 1983 with the following 3 holes:

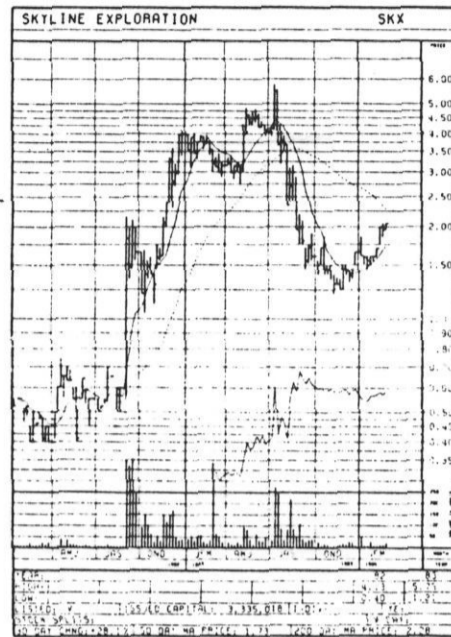
Hole No.	Interval Feet	Length Feet	Copper %	Silver oz/ton	Gold oz/ton
83-18	267 -271.2	4.2	2.95	0.41	0.42
83-25	222.5-227.8	5.3	0.09	0.11	0.11
83-31	341 -346	5.0	0.01	0.07	0.17

The R16 Zone, a possible easterly faulted off extension of the Cloutier Zone was drilled by Skyline in 1982 with the following results:

Hole No.	Interval Feet	Length Feet	Copper %	Silver oz/ton	Gold oz/ton
82-16	240.0-257.0	17.0	0.51	0.52	1.242
82-15	162.0-170.0	8.0	0.24	0.57	0.106

1983 drilling on this zone over a strike length of 150 meters returned the following intersections with the zone apparently open in both directions.

Hole No.	Interval Feet	Length Feet	Copper %	Silver oz/ton	Gold oz/ton
83-26	291.1-295.1	4.0	0.56	1.73	6.50
83-27	237.9-247.8	9.9	0.17	3.49	0.87



samples assayed by Skyline and confirmed by two independent observers averaged 2.8 ounces of gold per ton) and its extensive distribution indicates the existence of a major zone although the morainal features have to date hindered efforts to locate the source."



104B107 REG

NW PROSP. MAR 1984. AUT

# Skyline Explorations at Stewart, B.C.

Skyline Explorations Ltd. recently reported good progress in its ongoing programmes on the properties in the Iskut River northwest of Stewart, near the Alaskan border.

The Anaconda-Skyline joint venture is now drilling in the earlier reported high silver-copper-gold Bonanza showing on the Reg Group of claims, where preliminary sampling showed 14% copper, 2.88 oz/ton gold and 405.4 oz/ton silver.

Prospecting in the vicinity of a significant conducting zone located by the Dighem 1983 airborne EM survey has revealed a number of small high-grade zinc-lead-silver showings in an overburdened area some 3 km long over the old Crown Grants, as well as high soil samples. The average of eleven recent rock samples showed 9.6% lead, 9.6% zinc and 8.8 oz/ton silver. Values as high as .38 oz/ton gold have also been encountered.

This suggests that the Dighem AEM conductors may point to excellent drill targets.

Preliminary examinations and trenching have revealed other more isolated conducted zones related to both small and large pyritic and siliceous zones with gold grades from 0.1 to 1.0 oz./ton. Assays from earlier drilling and sampling are awaited.

The Inel Group, - 100% owned by Skyline has drilling in progress on the Discovery Zone where a sequence of zinc-bearing zones have been located in dark beds within a sedimentary sequence with basalt and porphyry flows (or sills) and dykes.

Initial drilling at the south end of this belt revealed good gold-silver values with low zinc (Hole H-4).

Some 400 m further north, three zinc-gold zones up 10 m thick were encountered with significant values over narrower widths, as in the following core holes in table 1.

A number of new silver and gold discoveries have been made for at least a 1000 meter length along the Inel Ridge above the Discovery zone. This so-called

Ridge zone strikes nearly north with an easterly dip. Values in silver up to several tens of ounces per ton have been encountered as well as gold up to 3 oz/ton in initial prospecting.

At lower elevations an important zinc occurrence lies on the Zinc Knob, and the Superior Zone carries 4 bands of massive pyrrhotite in 4 bands up to a foot and half wide over a total width of 4 meters. The grade of the best portion of this occurrence assayed 1.70% lead and 13% zinc with 1.35 oz/ton silver across 5.3 feet.

This occurrence is noteworthy, as it is near abundant good grade float and exactly where the Dighem AEM survey showed a significant conductor, possibly related to a more substantial pyrrhotite-based metal body.

The Waratah group of claims, 100% owned, showed unexpectedly while line-cutting, soil sampling and prospecting, two northeast trending zones with quartz and chalcopyrite were located, only some 300 feet above the Iskut River level and some 1000 feet south of it.

Initial sampling reported the values listed in table 2.

TABLE 1

	FOOTAGE	WIDTH FEET	Zn %	Ag Oz/Ton	Au Oz/Ton
H-4	18.6 - 30.8	12.2	.29	9.33	.21
D-1	145.0 - 161.0	16.0	6.80	.92	.12
D-2	190.0 - 193.5	3.0	4.40	1.24	.27
D-5	73.3 - 82.0	8.7	.61	.17	.11
	94.8 - 103.0	8.2	2.71	.22	.18
D-6	39.5 - 41.0	1.5	7.22	1.16	.44
	57.2 - 66.7	9.5	4.00	.43	.12
	161.7 - 174.8	13.1	.56	1.06	.26

TABLE 2

Sample No.	Width	% Cu	Silver Oz/Ton	Gold Oz/Ton
13481	2 - 4 feet	.10	.22	.376
13482	1 foot	2.40	2.55	.048
13483	1 foot	1.74	1.87	.897
13484	1 foot	.20	.26	.008
13485	Grab Float	.10	.44	.490
13486	1 foot	.96	1.71	2.873
13487	1 foot	.48	.53	.829

Recent initial trenching has so far exposed one showing for a length of about 50' and a width of about 4', providing the following values across this width.

Sample No.	% Copper	Oz/Ton Silver	Oz/Ton Gold
8918	1.87	2.05	.456
8919	.69	.92	.950
8920	1.35	1.45	.330

Work on all three properties is confirming that the area contains an important gold belt and suggests that it may be a major zinc-copper-lead belt as well.

Reg Davis, President.

# Skyline increases tonnage potential of zone

104B107 (16w)

**ISKUT RIVER, British Columbia**—The tonnage potential of the gold/silver Cloutier-R-16 Zone has been considerably increased as a result of the 1984 exploration program on the Johnny Mountain property of Skyline Explorations Ltd. The program was completed October 7.

Last year's drilling on the REG property, located in the Iskut River area of north-western British Columbia, successfully confirmed the presence of a major mineral deposit comprising a number of overlapping sulphide lenses called the Cloutier, R-16, Pick-Axe, R-13, and R-19 Zones. The

Cloutier-R-16 forms the most extensive zone, extending over a known east-west length of at least 2,200 feet and includes at least six major gold-bearing lenses within a width of approximately 500 feet.

Holes 84-52, 84-53, and 84-54, drilled by Skyline as the last holes of the 1984 Anaconda/Skyline program, intersected the high-grade R-16 Zone mineralization that had previously been outlined in holes 82-16, 83-26, 83-27, 83-36, and 83-37. This shows that the gold/silver/base metal mineralization extends to at least 525 feet below surface exposures. Results from these three new holes include the following averages (all lengths are in feet):

Silver and gold values ranged up to 3.92 and 1.920 ounces per ton respectively over a 3.0-foot intersection from 460.0 to 463.0 feet.

From 482.0 to 487.0 feet a 5.0-foot intersection assayed 2.360 ounces of gold per ton. Copper values ranged up to 3.92 percent over 5.0 feet from 454.0 to 459.0 feet.

The results from these drill holes reveal the extensive nature of the REG gold mineralization zone, which remains open at depth and along strike. Further significant results from the successful 1984 exploration program on the REG and the 100 percent owned INEL property will be released as they are prepared. \*

REG PROPERTY

Hole	From	To	Interval	% Cu	% Zn	Oz. Ag/ton	Oz. Au/ton
84-52	379.0	398.0	19.0	0.42	0.55	0.66	0.351
	443.0	469.0	26.0	0.50	0.08	0.97	0.357
84-53	449.0	459.0	10.0	2.73	0.07	0.82	0.037
	468.0	487.0	19.0	0.02	0.22	0.20	0.657
84-54	407.8	419.5	11.7	0.26	0.07	0.23	0.250

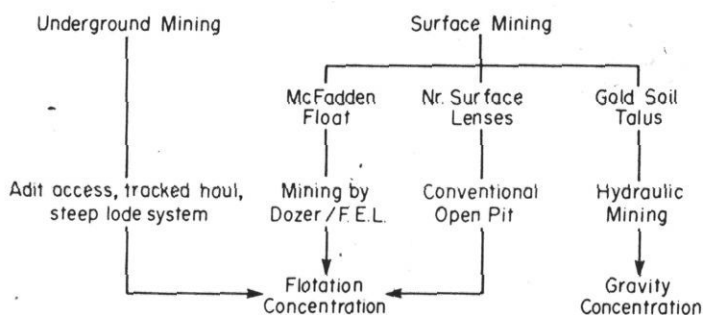
## Skyline Explorations

Continued from page one

trates on sulphide and gravity concentra-  
tion of the talus area.

The final report is awaited on Skyline's Inel project, located on the east side of the REG claim group. A remarkable association of gold in sphalerite has been reported on the Inel in a bedded formation, with drilled

This schematic shows the development concepts on the various areas on Skyline's REG claims. This year a detailed testing program is planned for production of flotation concentrates on sulphide and gravity concentration of the talus area.



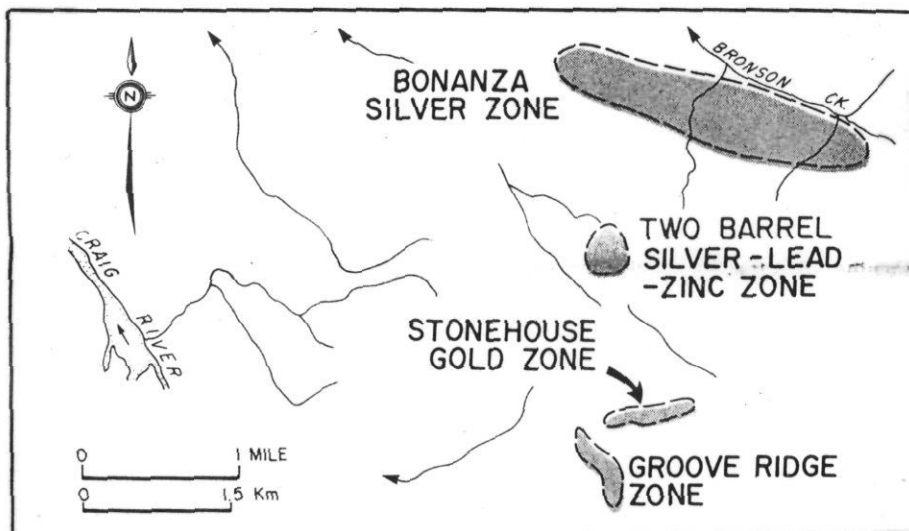
Geophysical surveys are planned this season to pinpoint drill targets on the Two Barrel zone where 15 to 20 percent lead/zinc plus five to 10 ounces of silver per ton were uncovered in 1984.

Geophysics will also be used to follow up on the large base metal/gold/silver soil anomalies on the Groove Ridge.

Surveys and preliminary drilling are

values varying in the following ranges and extending over an area at least 820 feet long:

Width (ft.)	% Zinc	Oz. Ag/ton	Oz. Au/ton
13.1	0.56	1.06	0.26
6.7	3.33	1.51	0.94
12.2	0.29	9.25	0.21
2.5	8.96	0.98	0.20
16.0	6.80	0.92	0.12
3.5	9.69	1.67	0.12



Geophysics are to pinpoint drill targets this season on the Bonanza and Two Barrel zones on Skyline's REG claims in northwest British Columbia.

planned for the Bonanza zone to investigate the high-grade showing 4.05 ounces of silver per ton, 2.88 ounces of gold per ton, and 14 percent copper found in 1984.

The 100 percent Skyline-owned claims, which cover 26,291 acres, lie at the north end of the mineral-rich Stewart district in northwest British Columbia. Skyline has been active on the claims since 1980.

High-grade gold has been recovered along a ridge about 6,000 feet high but in an easily drillable location. A number of lead/zinc/silver occurrences have had preliminary trenching done, and the source of high-grade float (175 ounces of silver per ton, 15 percent zinc, eight percent copper, and 0.06 ounces of gold per ton) has been narrowed down.

North Am. Gold Mining Ind. News - Mar 1 1985. 104B107

# Skyline reports major depth on zone at REG claims

**ISKUT RIVER, British Columbia**—Skyline Explorations Ltd. has successfully completed the 1984 field season on their REG property in northwestern British Columbia, reporting major depth on the Stonehouse gold zone and the discovery of major sedimentary hosted silver/lead/zinc deposits.

A total of 369,000 ounces of gold for a value of C\$147 million (based on \$300 per ounce) has been determined for the REG property. This is an exceptional resource according to Skyline and will be evaluated in 1985 for economic feasibility.

The main lode of the Stonehouse zone has an inventory of 285,000 ounces of gold derived from a reserve of 557,000 tons grading 0.512 ounces of gold per ton. This large deposit is paramount to the development of the REG claims and includes a significant drill-indicated reserve of 102,100 tons that average a high 0.718 ounces of gold per ton.

The McFadden section provides an additional and exceptional resource having 2.8 ounces of gold per ton in an estimated 30,000 tons of broken surface material. This gives 84,000 ounces of gold to be developed by low-cost surface methods.

Dr. E.W. Grove, consulting engineer, in his report of February 1985 has recommended a program consisting of primary underground development supported by

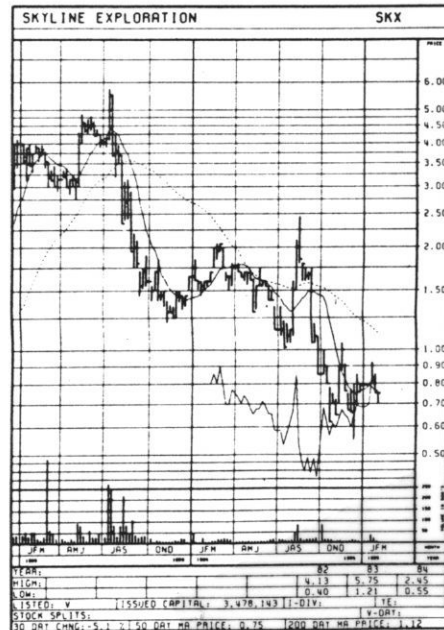
both underground and surface drilling that is directed toward bringing the property nearer to production.

A portal is planned from which 1,500 feet of adit will be driven to crosscut the main structure. This will intersect the deposit at a point 250 feet below surface that will give

optimum extraction benefits. An additional 1,500 feet of drifting will develop the tested strike of the gold zone.

The results of drill programs since 1981 have shown the Stonehouse gold zone to comprise at least five overlapping mineral lenses in a length of 1,150 feet and width of 460 feet. These are explored to a drilled depth of 525 feet and show the average width of the main mineralized lenses to range from 11 feet to 16 feet. The mineral lenses have not been completely outlined, thus suggesting that the reserves can be increased by drilling to depth and at the open ends.

The reserves of the REG property to date, along with the underground development as planned can prove to be a highly profitable major gold mining operation, according to Skyline management. ✖



GWL #67 8 APR 1986

NO.67(1986)  
APRIL 8, 1986

**FUNDING NEGOTIATED FOR FIRST - Dr.E.W. Grove, consultant, estimates a reserve of 745,000 tons of 0.612 oz.gold/ton in the Stonehouse Gold deposit on the Skyline explorations property, 50 miles north west of Stewart, B.C. Towards the end of the 1985 season a new surface vein was discovered with surface samples assaying as high as 2,000 ounces of gold per ton. The vein was named the Gold Rush Zone, which will be thoroughly explored in the 1986 season.**

Skyline plans to build a 6 km road down to the lower-portion of the claim group and to construct an airstrip. Plans are to drive an exploration adit through the Stonehouse Gold Zone in preparation for production in 1987. The adit plus the airstrip will extend the season to about 10 months a year. The road work will start mid-May and the adit July 1 under the direction of Ed Craft.

The company has negotiated a rental purchase of all the equipment required for this construction. A private placement of 600,000 shares at 85¢ each has been negotiated with **SABLE RESOURCES LTD.(SAE-V)** and M.M. Raha. Negotiations are presently underway for further financing of the project. Prior to the current private placement Skyline had 4,188,643 shares issued.

## Skyline update on Stonehouse bet

At its B.C. Stonehouse gold deposit, Skyline Exploration reports the discovery of a new surface vein, named the Gold Rush zone.

As the discovery was made late in last year's exploration season, the company was able to do little work on the zone other than two shallow drill holes and surface sampling. The company intends to thoroughly explore this zone this year.

Skyline's consultant, Dr. E. W. Grove, estimates a reserve of 745,000 tons of 0.612 oz gold per ton in the Stonehouse Gold deposit. The Gold Rush zone showed surface samples assaying as high as 2,000 oz gold per ton, reports Skyline.

The company intends to build, starting in mid-May, a 6-km road down to the lower portion of the claim group and to construct an airstrip to alleviate the use of helicopter back-up. And once that construction is completed (by July 1), the company plans to drive an exploration adit through the Stonehouse Gold zone to prepare for production next year.

Skyline says it has negotiated a rental purchase of all the equipment needed for this construction work. It also has negotiated a private placement of its stock to cover costs for the road-airstrip construction.

Skyline says it has negotiations under way for further financing of the project.

104B/10W, 11E  
104B 107

N. Miner  
14 April 86.

(104B 107)  
~~104B 107~~

GCNL #114 13 JUNE 1986

SKYLINE EXPLORATION LTD. (SKX-V)

1986 EXPLORATION PROGRAM STARTED - R.E. Davis, president, 104B/10W, 11E (104B 107) has reported Skyline Exploration Ltd., has the crew mobilized to the Johnny Mountain camp, 60 miles north of Stewart, N.W.B.C. Heavy equipment will be moved in 12Jun86 with a Sikorsky helicopter to begin construction of the airstrip and a 6 km road from the airstrip to the partial site. In 1986 work is planned for an adit on the Stonehouse gold zone, where there is an estimated 745,000 tons of 0.620 oz/ton gold.

A program of diamond drilling and trenching will be undertaken on the Gold Rush Zone which in 1985 yielded a high assay of 2,800 oz.

GCNL #143 25 July 1986

SKYLINE EXPLORATIONS LTD. (SKX-V)

HIGH VALUES REPORTED FROM NEWLY - Road construction has DISCOVERED DOG LEG GOLD VEIN discovered high grade 104B/10W, 11E (104B 107) gold and silver in a new Dog Leg vein on the Reg property on Johnny Mountain, 60 miles northwest of Stewart, B.C. The discovery was made at 2,500 feet elevation and has been traced over a strike length of 200 feet. The five assay results from the first sampling of the vein were: oz.gold/t 0.284, .348, .920, 1.74, and 0.74 oz.gold/t; oz.silver/t 3.94, 6.41, 9.41, 0.88 and 8.85 oz.silver/t.

Further trenching and sampling are being carried out and will be followed by diamond drilling.

Drilling on the Stonehouse zone will begin next week for fill-in and structural purposes. The adit into the Stonehouse gold zone is expected to intersect the Cloutier zone in about three weeks.

Skyline has received by way of an underwriting of 500,000 shares at \$1.25 new funds of \$625,000 and are to receive \$100,000 under the B.C. FAME program.

GCNL #129 7 JULY 1986 (104B 107)

SKYLINE EXPLORATIONS LTD. (SKX-V)

UNDERGROUND PROGRAM STARTED ON - R.E. Davis, president REG HIGH GRADE GOLD PROJECT of Skyline Explorations Ltd. has reported that all the underground equipment is at the site on the 100% owned Reg claim group, Iskut River, 80 miles north of Stewart, northwestern B.C. The portal is being collared on the Stonehouse gold zone. The adit will initially advance 600 feet to the Cloutier vein where intersections include 5 feet of 7.83 oz.gold/t. Diamond drilling and exploration on the Gold Rush zone will begin July 15, 1986 where samples in 1985 returned high gold assays. Road and airport construction on the lower reaches of the property is underway toward completion July 15, 1986. During the current season the company expects to prepare the Stonehouse zone for mining, diamond drill the Gold Rush zone and complete preparations directed toward achieving production in 1987.

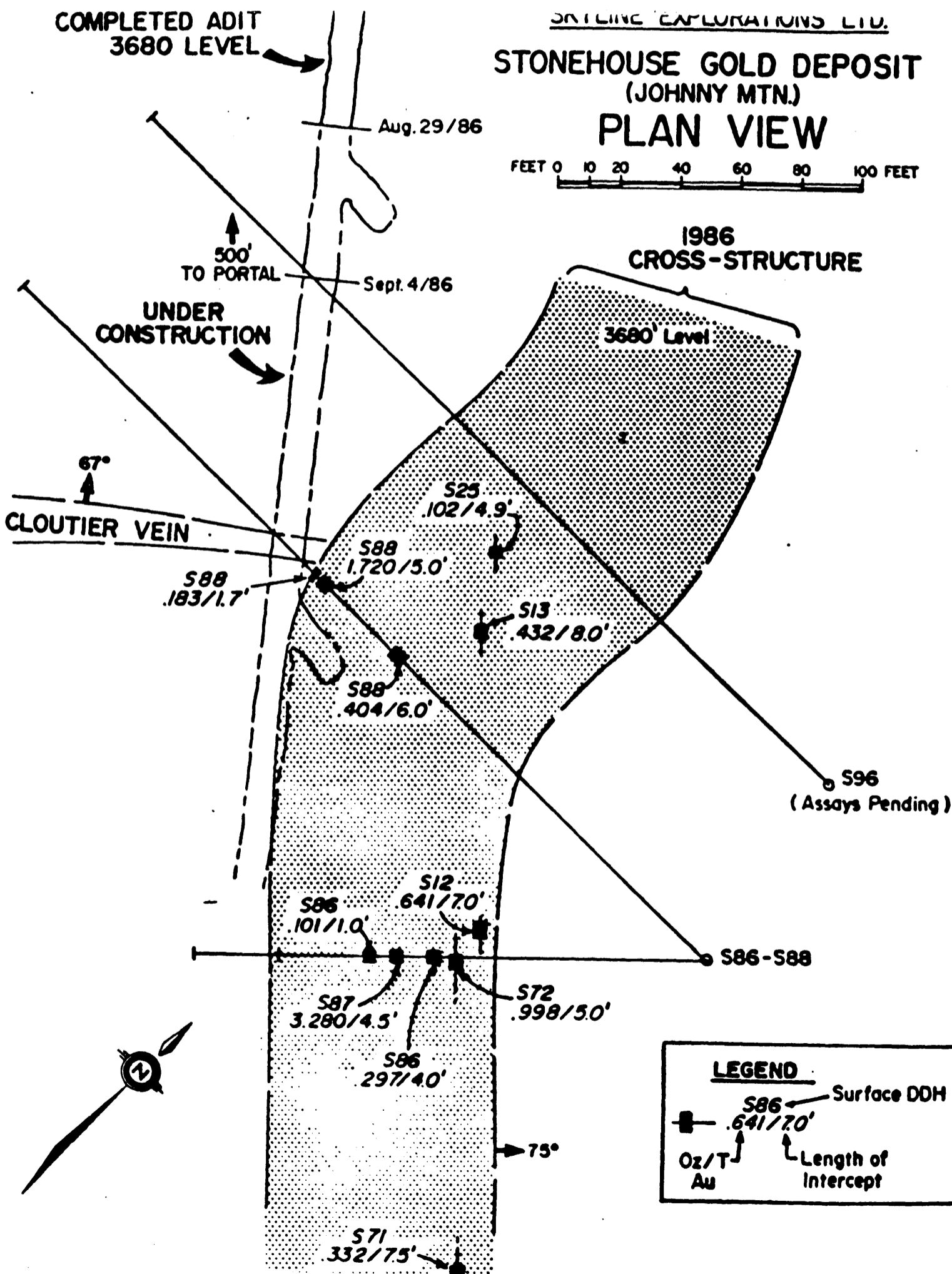


GCNL #174 10 SEPT 1986

**SKYLINE EXPLORATIONS LTD. (HPY-V)**  
MAP OVERLEAF PAGE TWO- Skyline Explorations Ltd. has provided a map overleaf page 2 of this News Letter which shows the adit level relative to the diamond drill holes in the new zone reported in GCNL No.171, page two, Sept.5, 1986.  
Reg 104B/10W, 11E (104B 107)

**SKYLINE EXPLORATIONS LTD.**  
**STONEHOUSE GOLD DEPOSIT**  
**(JOHNNY MTN.)**  
**PLAN VIEW**

FEET 0 10 20 40 60 80 100 FEET



GCNL #171 5 SEPT 1986

**SKYLINE EXPLORATIONS LTD. (SKX-V)**

**ASSAY RESULTS FROM DRILL HOLES IN NEW ZONE**

Hole No.	Intercept	Width	Oz. Gold/T
<b>New Holes</b>			
86 - 86	157.0 - 161.0	4	0.297
86 - 87	201.5 - 206.0	4.5	3.28
86 - 88	197 - 203	6	0.404
	243 - 248	5	1.72
	251 - 252.7	1.7	0.183
	* 308.4 - 321.6	13.2	0.51
<b>*Cloutier vein intersection.</b>			
<b>Old Holes In The New Zone</b>			
82 - 12	216 - 223	7	0.641
83 - 13	135 - 143	8	0.432
85 - 71	225.5 - 233	7.5	0.332
85 - 72	171 - 176	5	0.998

Drilling has intersected a cross structure to the Cloutier vein and the Sixteen vein on Skyline's Reg property 60 miles north of Stewart, B.C. Crosscutting on the adit level is advancing beyond 500 feet and will intercept the Cloutier vein about Sept. 10, 1986.

104B/10W, 11E (104B 107)

**GCNL 160 SKYLINE EXPLORATIONS LTD. (SKX-V) AUG 20/86**

HOLE NO.	INTERVAL FT.	LENGTH	OZ. GOLD/T
No. 86-88	197.0-203.0	6	0.404
	243.0-248.0	5	1.720
	251.0-252.7	1.7	0.183
	308.4-321.6	13.2	0.510

R.E. Davis, president of Skyline Explorations Ltd. has reported assays, see table above, from a drill hole in the Cloutier vein on the Reg property 100 miles north of Stewart, B.C. The crosscut into the Stonehouse zone is in 230 feet from the adit and will intercept the Cloutier vein at 600 ft. from the adit. Bulk surface sampling of the Gold Rush zone is in progress and results should be released in two weeks.

FLOW THROUGH FUNDING ARRANGED - Skyline has entered a letter of Intent dated 28 July 86 for Knight's Mineral Exploration and Company, Limited Partnership to provide \$1,000,000 for exploration on the Reg claims. For each \$100 spent, Skyline will buy \$50 of KRS Retraction preferred shares. Skyline will issue shares and warrants at \$5 per share for the funds expended. If the full \$1,000,000 is spent, Skyline will have bought \$500,000 of KRS Retraction preferred shares. The preferred shares will be redeemed in full if the price of Skyline's shares trade at \$6 per share for 30 days at any time up to June 30, 1992.

**GCNL 165 SKYLINE EXPLORATIONS LTD. (SKX-V) AUG 27/86**

**CLOUTIER VEIN INTERSECTION EXPECTED IN 10 DAYS 104B/107**

The Main drive is progressing on schedule on the 100% owned Reg claims of Skyline Explorations. The property is 110 km north of Stewart, B.C. It is expected to intersect the Cloutier vein at 600 feet from the portal about Sept. 6, 1986. Drifting and raising on the Cloutier vein and 16 zone will continue into December.

A new zone has been encountered in the surface drilling being carried out on the Cloutier zone. Results of these holes are being compiled and assays will be released.

The formal agreement with Knights Financing has been received and will be concluded in a few days. Under the agreement, Knight will purchase shares on a flow-through basis at \$5 each up to \$1,000,000.

**SKYLINE ADIT NEARS COMPLETION IN B.C.**

An adit being driven by Skyline Explorations into the Stonehouse zone at the company's Reg property in B.C., is expected to reach the mineralized zone in three weeks. During road construction, which is expected to be completed by mid-August, a new vein was discovered. Initial grab samples returned gold values ranging from 0.284-1.7 oz per ton. Silver values assayed up to 9.4 oz per ton, the company says. 104B/107

GCNL #180 18 SEPT 1986 104B/10W, 11E (104B 107)

INTERCEPT FT.	FOOTAGE	OZ. GOLD/TON	DRIFTING STARTED ON CLOUTIER VEIN
197-228	31.6 FT.	0.197	
243-263	20.0	0.943	

----- the adit level on the Reg property of Skyline Explorations Ltd. 60 miles north of Stewart, B.C. intersected the Cloutier vein on schedule. Drifting to the east and west on this vein is in progress. Underground drilling will start within 2 weeks.

The field laboratory will be operational about 24 Sep 86 and assays will be released when received. The airstrip's completion on September 8 will reduce the costs of the helicopter back-up considerably.

Shown in the table are assays from surface hole 86-88 additional to those reported in GCNL 171(86) and shown in the diagram in GCNL 174, overleaf page 2.

Results of assaying a 500-pound bulk sample from the Gold Rush zone will be available in the near future and will be released after the concentrate is smelted.

GCNL \*200 17 OCT 1986

SKYLINE EXPLORATIONS LTD. (SKX-V)

ASSAYS REPORTED FROM - Skyline Explorations Ltd. has UNDERGROUND PROGRAM reported underground results on (104B 107) 104B 10W 11E, the 100% owned Reg claim group in the Iskut River area 60 miles northwest of Stewart, B.C. The crosscut adit is continuing south through the Cloutier Zone at 550 feet from the portal toward the '16' zone and has now proceeded a total length of 740 feet from the portal.

the Cloutier main lens was drifted west 130 feet along hanging wall quartz veining, massive pyrite and chalcopyrite. The east drift was driven 90 feet in similar massive vein mineralization. The width of the Cloutier main lens averages about 15 feet over this developed 210-foot length. Assays from the exposed mineralization in the east drift averaged 3.23% copper, 0.855 oz/ton silver and 0.151 oz/ton gold across 8.5 feet. Mineralization intersected by the crosscut averaged 0.22 oz/ton silver and 0.255 oz/ton gold across 15 feet.

The west drift shows an increase in gold grade from the crosscut to the west end. Panel sampling of the exposed mineralization from the cross cut east gave successive assay results of 0.52% copper, 0.49 oz/ton silver and 0.340 oz/ton gold across 3 feet; 10 feet west of the crosscut to 2.20 oz/ton silver and 3.205 oz/ton gold (uncut) across the 10-foot wide face at 130 feet west. Visible gold was exposed in the mineralization at the end of the west drift. A grab sample of this high grade material assayed 2,580 oz/ton silver and 38.850 oz/ton gold. Panel sample assays along the west drift ranged up to a high of 10.74 oz/ton silver and 9.760 oz/ton gold (uncut).

The increase in gold grade from east to west in the Cloutier Main Lens was indicated by the surface drilling and confirms the high grade indicated by DDH-82-14 which intersected massive pyrite/chalcopyrite mineralization with visible gold which averaged 3.419 oz/ton gold over an apparent width of 19 feet below drift level.

The crosscut has now crossed through the Cloutier footwall mineralization from about 90 feet to 140 feet south of the Cloutier Main lens. This footwall mineralization comprises quartz veins, heavy pyrite and chalcopyrite.

Mineralization along this footwall zone includes a number of lenses which have assayed up to 1.74 oz/ton silver and 5.075 oz/ton gold (uncut) cross 4 feet.

N MINER NOV 3 86

## Adit progressing on Skyline B.C. bet

The crosscut adit is continuing south through the Cloutier zone and has proceeded a total length of 740 ft from the portal on Skyline Explorations' 100%-owned Reg claim group in the Iskut River area of northwestern B.C.

The crosscut adit, which is heading toward the 16 zone, intersected the Cloutier main mineral lens 550 ft from the portal. This main lens was drifted west 130 ft along hangingwall quartz veining, massive pyrite and chalcopyrite.

The east drift was driven 90 ft in similar massive vein mineralization. The width of the Cloutier main lens averages about 15 ft over this developed 210-ft length.

The company says assays from the exposed mineralization in the east drift averaged 3.23% copper, 0.855 oz silver per ton and 0.151 oz gold across 8.5 ft.

The west drift, the company says, shows an increase in gold from the crosscut to the west end. Visible gold was exposed in the mineralization at the end of the west drift.

The crosscut has crossed through the Cloutier footwall mineralization from about 90 ft to 140 ft south of the Cloutier main lens. Mineralization along this footwall zone includes a number of lenses which have assayed up to 1.74 oz gold per ton and 5.075 oz gold (uncut) over 4 ft.

6 NOV 86 SKYLINE EXPLORATIONS LTD. (SKX-V) GCNLC24  
CONSULTANT ESTIMATES 4,000,000 TONS - J.A. Davis,  
AT 0.5 OUNCE GOLD P/TON ARE PRESENT secretary of  
104B107 Skyline Explora-  
tions Ltd., reports that on their 100%-owned Reg claims  
in the Iskut River area 60 miles NW of Stewart, B.C.,  
the 16 Zone drift, now underway, is in to a depth of 140  
feet. The vein is very strong and extends much further  
than indicated by surface diamond drilling.

There has been visible gold spotted through the entire length of the drift. The width of this vein is 5 to 9 feet and the vein extends below the drift level. The field laboratory is now operating at full capacity and assays will be reported as soon as they are completed.

E.W. Grove, M.Sc., is at the property now and has estimated a potential 4,000,000 tons at 0.500 oz. gold per ton are present for an in-ground value in excess of one billion dollars (Canadian). For recent impressive reports that include 124 feet grading 0.659 oz. gold/t in the Cloutier zone drift and 45 feet grading 1.76 oz. gold per ton in the Zephrin zone, see GCNL 211(86) p.2 and the underground development diagram overleaf that page.

The results of underground diamond drilling have begun to indicate the next phase of underground development which is scheduled to start early in the New Year.

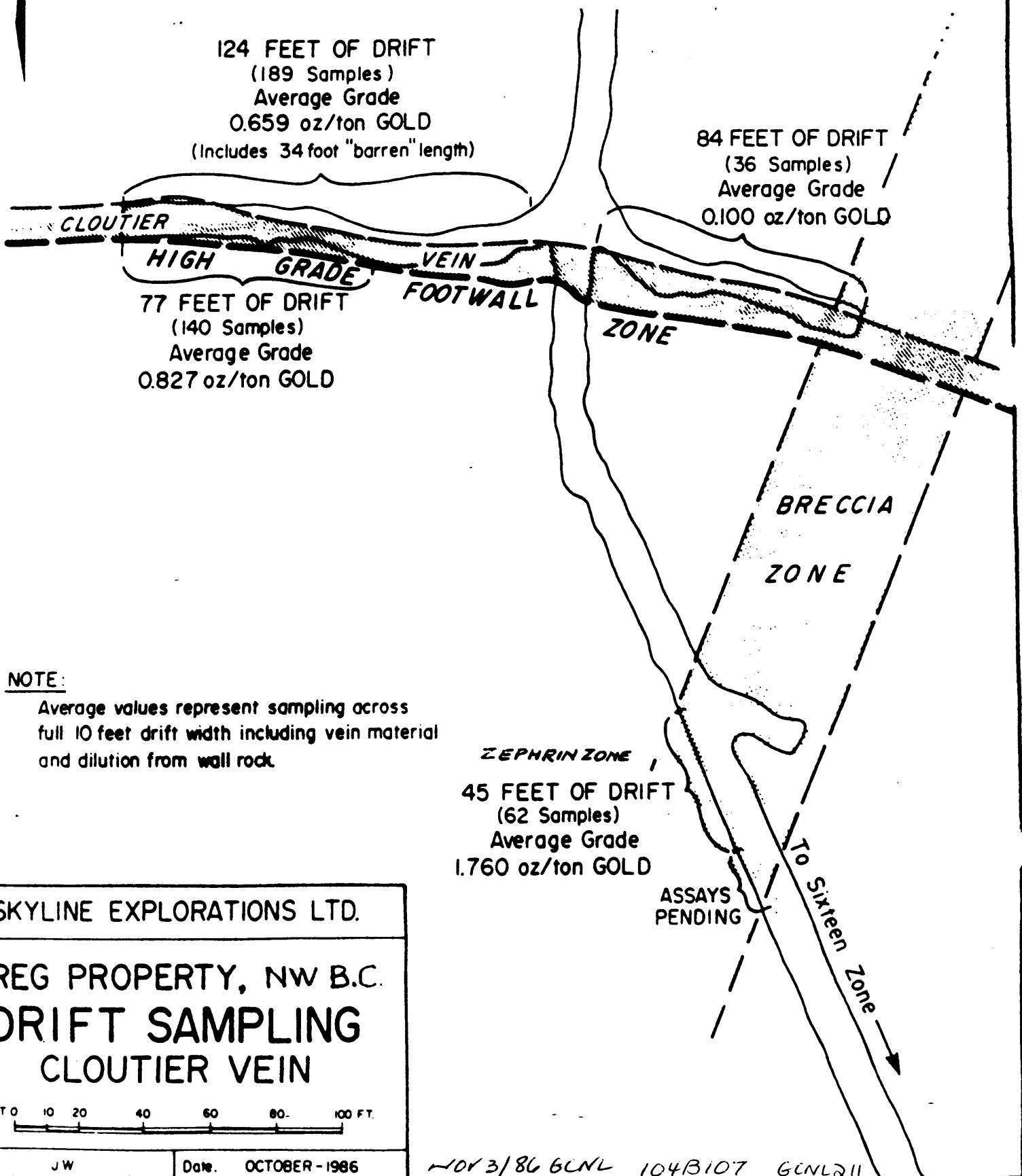
NOV 3, 86 **SKYLINE EXPLORATIONS LTD. (SKX-V) GCNLD 11**  
**LONG STRONG GOLD SHOWING** - Further assays have been  
**SAMPLED IN UNDERGROUND WORK** reported by Skyline  
 104B1076GNL Explorations Ltd. from  
 their Reg claim group in the Iskut River area some 60  
 miles north of Stewart in NW B.C. In the Zephrin zone,  
 a new discovery in the main crosscut has returned an  
 average assay from 62 samples of 1.760 oz.gold/ton over  
 a width of 45 feet. Further assays are awaited from  
 this new zone.

In the Cloutier Drift West, assays of over 189  
 samples taken over a length of 124 feet returned an  
 average of 0.659 oz.gold/ton which includes 34 feet of  
 barren waste rock. Within this zone 140 samples taken  
 over 77 feet averaged 0.827 oz.gold/ton.

The high grade 16 Zone has now been reached at 1066  
 feet on the crosscut and the crew report spotting  
 visible gold.

Assays are now being done in the company's  
 laboratory at the site.

500' TO PORTAL

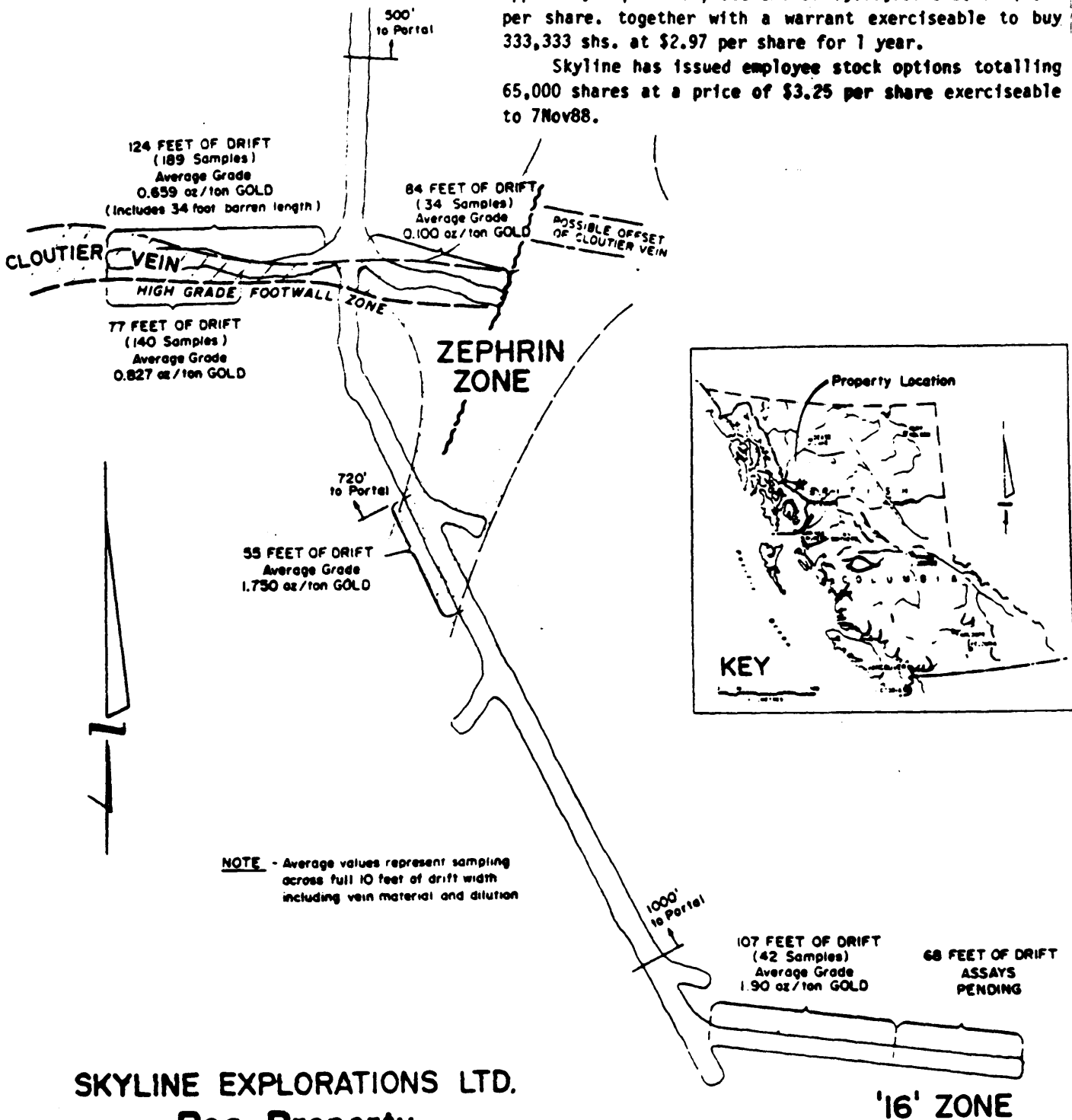


GCNL217 **SKYLINE EXPLORATIONS LTD. (SKX-V) 12 NOV 86**  
**NEW ASSAY RESULTS** - Skyline Explorations Ltd. has  
 104B107 reported further assays from the  
 100%-owned Reg claim group in the Iskut River area, 60  
 miles northwest of Stewart, B.C. The 16 vein has been  
 drifted over a length of 167 ft. to the east and is  
 still in mineralization. Assay results over a length of  
 107 ft. gave an assay grade of 1.90 oz/ton gold uncut  
 over an average width of 5.3 ft. Further assay results  
 are pending. To date visible gold has been observed at  
 11 sites along this vein. (SEE MAP OVERLEAF)

The Zephrin mineralization has now been extended  
 north to give an overall current width of 55 ft. New  
 assays gave an average of 1.75 oz./ton gold uncut over  
 10 ft. of width. These results correspond to the  
 average of 1.76 oz/ton gold uncut previously reported.  
 Visible gold has been observed in at least five separate  
 sites in this lode. Underground drilling has begun.  
 (See also GCNL NO. 214, P.1., Nov.6, 1986 and No.211,  
 P.2 for project review).

Skyline has arranged, subject to regulatory  
 approval, a private placement of 1,000,000 shs. at \$2.72  
 per share, together with a warrant exercisable to buy  
 333,333 shs. at \$2.97 per share for 1 year.

Skyline has issued employee stock options totalling  
 65,000 shares at a price of \$3.25 per share exercisable  
 to 7Nov88.



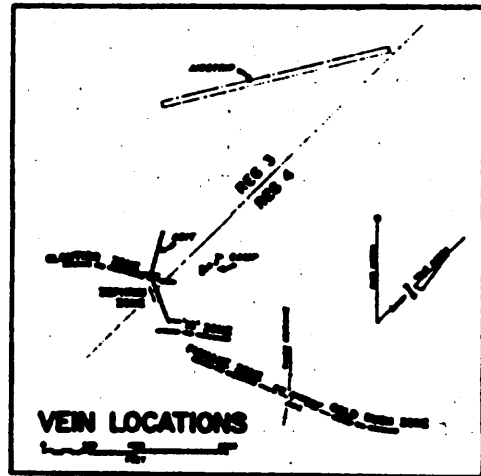
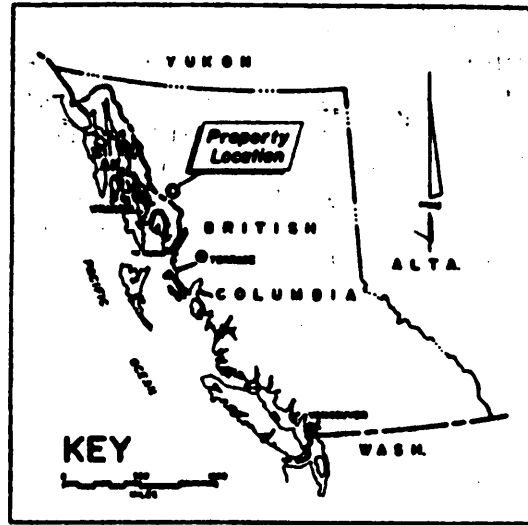
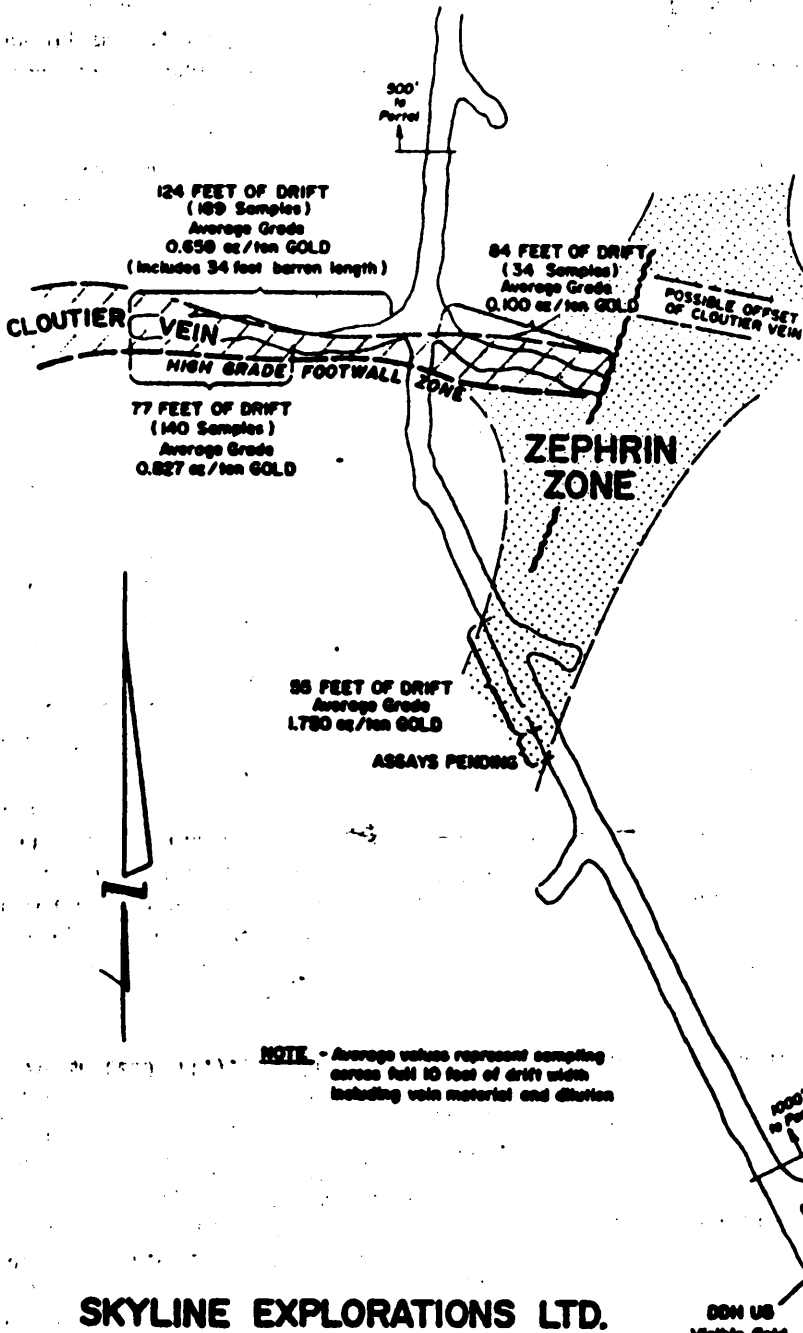
**SKYLINE EXPLORATIONS LTD.**  
Reg Property

**CLOUTIER, ZEPHRIN & '16'**  
**ZONES**



GCNL217 104B107 12 NOV 86





NOTE - Average values represent sampling across full 10 feet of drift width including vein material and dilution

SKYLINE EXPLORATIONS LTD.  
Reg Property

CLOUTIER, ZEPHRIN & '16' ZONES



No 227 Nov 26/86

86-11-24

No. 227 **SKYLINE EXPLORATIONS LTD. (SKX-V)** Nov 26/86  
HIGH GRADE GOLD IN - Skyline Explorations Ltd. has announced that underground DRILL HOLES REPORTED drilling is progressing on its 100% owned Reg claim group the Iskut River area, 60 miles north of Stewart, B.C. Visible gold was intersected in two new underground drill holes. The intersections were respectively about 100 feet and 160 feet below current drift level on the '16' vein. Assays and more detailed information are pending. Mining on the '16' vein is currently 200 feet from an area of detailed surface drilling which gave uncut values such as DDH 26 with 5.050 oz/ton gold in 4 feet intersected, DDH 73 with 1.431 oz/ton gold in 40.4 feet intersected, DDH 76 with 2.152 oz/ton gold in 12.5 feet intersected, and DDH 77 with 2.150 oz./ton gold in 6.7 feet intersected.

Testing of a 500 pound bulk sample returned 5 troy ounces of free milling gold and 12,380 troy ounces from concentrate, middlings and tailings. This quartz-sulphide sample was taken from the Gold Rush vein. (See GCN1.No.217 Nov.12, 1986 for earlier results) (SEE DRILL HOLE LOCATION MAP OVERLEAF).

Nov 17 86 N. MINER  
Skyline Explorations says the Grade 16 zone has been reached at 1,066 ft on the crosscut adit on its 100%-owned Reg claim group in the Iskut River area of northwestern B.C. Visible gold has been spotted here and the company says assays are being done and results will be released shortly. 1048107

1048107

N. MINER NOV 17 / 86

# Big leap in tons, grade reported at Skyline bet

1048107

VANCOUVER — British investors are reported to be at least partially responsible for the heavy trading activity and price appreciation in Skyline Explorations. The stock has been a real mover lately and indeed The Northern Miner has received several overseas calls about the company and its Reg property north of Stewart, B.C.

What has really caught the public's imagination is an unusually bullish statement in a recent news release attributed to the company's consultant, Dr E. W. (Ted) Grove. He estimates the potential there at four million tons averaging 0.5 oz gold for an "in-ground value in excess of \$1 billion(C)."

This is certainly a quantum leap over the 745,000 tons at 0.62 oz gold reported in late August. Exactly how these numbers were arrived at or the soundness of postulating such a figure has raised more than a few eyebrows among local mining professionals who are anxiously awaiting clarification in future news releases.

Some of the high grade values reported can probably be attributed to the presence of electrum, a natural alloy of gold and silver. Skyline says that visible gold has been spotted through the entire length" of the 16 zone drift, claiming the vein is 5-9 ft wide and extends below the drift level.

Skyline adds that its "field lab is now operating at full capacity and assays will be reported as soon as they have been completed." There has been no mention in any recent news releases about any independent assay analysis of samples from the property, which is common practice in the industry.

The property is located in a very isolated area with helicopter and fixed wing aircraft required to bring in supplies. A retreating glacier has exposed minerals in outcrop and float which alerted the company to the property's potential. The property has multiple vein systems and several styles of mineralization including massive sulphides. Both Placer Development and Anaconda Canada dropped their options on the property.

Gold-silver mineralization has been encountered on the Tommy Jack property in northwest B.C. by joint venture partners Goldcap Inc. and Noranda Explorations.

This mineralization was encountered in a stock setting in widths up to 21.7 ft at 0.13 oz gold with 2.46 oz silver per ton, including 3.3 ft at 0.34 oz gold.

Other drill results include:

Hole	Width (ft)	Oz gold/ton	Oz silver/ton
TJ86-2	10.8	0.06	1.04
TJ86-4	2.6	0.26	5.56
	3.0	0.12	0.23
TJ86-5	6.6	0.06	0.87
	21.7	0.13	2.46
including	3.3	0.34	2.86

These drill results, along with preliminary results from this year's gold-soil geochemistry indicate lateral northwest-southeast zoning of

the gold-silver mineralization on the property, says Goldcap. Both the gold soil geochemistry values and the gold-silver assay values from split drill core increase to the southeast.

The company says anomalous gold-soil values are coincident with lead and lead-silver anomalies. The remaining untested gold-lead-silver soil anomalies, in light of this year's drill results, are interpreted as indicating the possibility of a gold-silver stockwork system, with open pit bulk tonnage potential, the company says.

Goldcap says that only about 2% of the area extent, on the northwest end, of the property was drilled this year. It anticipates drilling a minimum of 11 additional gold-lead-silver soil anomalies on trend to the southeast next year.

Dec 9/86 SKYLINE EXPLORATIONS LTD. (SKX-V) GCNL.

D.D. HOLE	INTERCEPT LOCATION	FOOTAGE	OZ. GOLD/T
U86-5	100 feet below "16" drift	22.0	1.401
	Includes	3.5	6.865
	16 feet below "16" drift	3.5	0.516
U86-6	113 feet below "16" drift	5.0	0.962
U86-7	46 feet below "16" drift	12.3	0.125

NEW DRILL ASSAYS INCLUDE - Reg Davis, president of Skyline Explorations Ltd., reports that further drill assays have been received on their 100% owned Reg claim group in the Iskut River area of NW B.C. Underground drilling below the 16 Zone drift level resulted in the assays shown in the table including 3.5 feet grading 6.865 ounces of gold per ton. The second 3.5-foot intercept in the hole, U86-5 is in a new zone that is probably part of the Zephrin zone shown in the diagram of underground workings overleaf page 1 in GCNL 227(86).

Funds for the initial private placement of 1,000,000 shares at \$2.72 each has been placed in trust with David Anfield, Skyline's attorney, and will be released upon Vancouver Stock Exchange approval of the agreement which was filed on 5Dec86.

23 Dec 86 SKYLINE EXPLORATIONS LTD. (SKX-V) GCNL  
 STRONG GOLD ASSAYS IN - Skyline Explorations Ltd. has DRIFT ARE MAINTAINED reported further assays from the drift on the No.16 vein on the 1048107  
 100% Reg claims in northwestern B.C.  
 16 Drift Length Average Width  
 From 106 - 175 ft. 69 ft. 5.5 ft. 1.498 gold/ton  
 These assays show that the vein is maintaining its strength from the previous reported assays of 107 ft of 1.90/gold ton. Drifting on this vein will resume in early February. The company's consultants will be reporting reserve tonnage figures in the near future. (SEE LOCATION MAPS OVERLEAF).

GCNL # 1048107 21 JAN 87  
 SKYLINE EXPLORATIONS LTD. (SKX-V) mineral reserves on their Reg claims in NW B.C. were summarized by category in a table in GCNL 12(87) P.1 Some detail of the calculations by mineralized zone are printed overleaf this page and not in GCNL 12(87) as had been stated in the text there.

TABLE I

MINERAL POTENTIAL - STONEHOUSE GOLD DEPOSIT

SKYLINE EXPLORATIONS LTD. - REG PROPERTY

JOHNNY MOUNTAIN, ISKUT RIVER AREA, B.C.

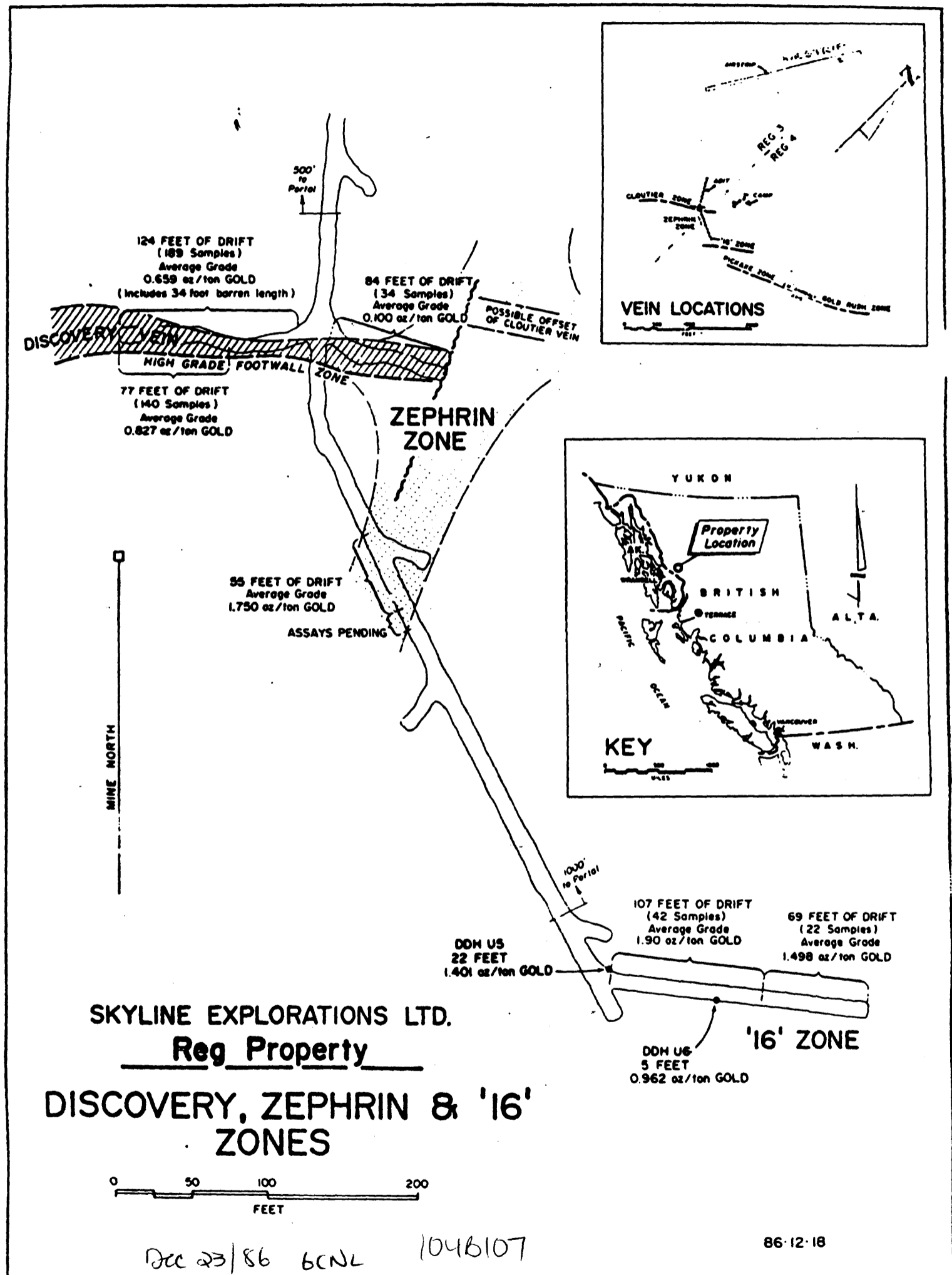
SUMMARY MINERAL RESERVES - STONEHOUSE GOLD DEPOSIT - 1986

Status	oz./Ton		P e r C e n t			Tons
	Au GOLD	Ag SILVER	Cu* COPPER	Pb*	Zn*	
<u>Drill Indicated</u>						
Discovery Zone	.502	.64	1.00	--	--	69,773
Zephrin	.641	.28	.01	-	-	2,825
'16'	.861	1.34	.60	-	-	75,900
Pick Axe	.168	.33	1.02	-	-	5,100
<b>TOTAL DRILL INDICATED</b>	<b>.671</b>	<b>.97</b>	<b>.78</b>			<b>153,598</b>
<u>Inferred</u>						
Discovery	.50	.60	1.00	-	-	275,000.
Zephrin	1.00	.80	.01	-	-	100,000
'16'	.63	1.00	.60	-	-	215,000
Pick Axe	.15	.20	1.00	-	-	15,000
Gold Rush	1.00	.30	.50	-	-	100,000
<b>TOTAL INFERRED</b>	<b>.67</b>	<b>.70</b>	<b>.67</b>			<b>705,000</b>
<u>Measured</u>						
Trenches						28,926
Drifts						27,685
Cross-Cut						23,237
<b>TOTAL MEASURED</b>	<b>1.328</b>	<b>1.91</b>	<b>1.50</b>			<b>79,848</b>
<b>TOTAL INDICATED</b>						
+ INFERRED						
+ MEASURED	0.730	0.85	0.76			938,446
* Assays Incomplete						

Estimated Geological Potential Mineral Reserves

4,000,000 tons @ 0.50 ounces/st Au + Ag  
 @ 0.75 per cent Cu  
 + Pb, Zn

1048107.





19 JAN 87  
6CNL 12

**SKYLINE EXPLORATIONS LTD. (SKX-V)**  
**MINERAL RESERVES**

CATEGORY	TONS	OZ. GOLD/T
Drill Indicated	153,598	0.671
Measured	79,848	1.328
Inferred	705,000	0.67
<b>Total</b>	<b>938,446</b>	<b>0.73</b>

104B107

MINERAL RESERVES CALCULATED - Skyline Explorations Ltd.'s consultant, E.W. Grove, M.Sc., P.Eng., has submitted the latest grade and tonnage figures, calculated from the extensive underground program carried out in the past year on the

company's wholly owned Reg claim group on Johnny Mt. in the Iskut River area of NW B.C. The total of mineral reserves in his drill indicated, measured and inferred categories is 938,446 tons at 0.730 oz.gold/ton with an estimated potential of 4,000,000 tons of 0.5 oz.gold/t. See table of calculations overleaf.

In presenting these results, director Joyce A. Davis says, "Plans are underway to mobilize crew and equipment into the property in mid-February to continue underground drifting in the high grade 16 zone. It has been an extremely mild winter with very little snowfall, which will facilitate an early start to the program."

**Skyline estimates large reserve** 104 B107  
N. MINER 26 JAN 87

VANCOUVER - A reserve inventory has been released by Skyline Explorations for its Reg property in northwestern B.C. The company describes the reserve calculation by Dr E. W. Grove as conservative and continues to estimate the over-all potential at four million tons at 0.5 oz gold.

sified as drill-indicated and that portion includes 69,773 tons averaging 0.5 oz gold in the Discovery zone plus minor silver and copper credits. The 16 zone, which the company describes as a high grade discovery, comprises some 75,900 tons averaging 0.86 oz gold and 1.3 oz silver with minor copper.

Less than 20% of the new reserve inventory (which totals some 938,446 tons at 0.73 oz gold) is clas-

The Zephrin zone is said to contain 2,825 tons at 0.64 oz and there are 5,100 tons in the Pick Axe grading 0.168 oz.

exploration will "look at the porphyry tonnage potential."

The objective of the 1987 underground program is to develop a minimum 300,000 tons of mineable reserves in the Discovery and 16 zones above the adit level. Mr Anderson said they will finish sampling the Zephrin zone and run check samples on the Discovery East and 16 zones. They will also look for fault offsets to these zones and complete some more drifting plus sub-level development and a 400-ft raise to surface.

Mr Anderson said the reserves would probably have to average 0.8 to 1.0 oz gold per ton to justify a production decision. At 200-ton-per-day, mine life would be approximately five years and he admitted they will need "some high grade pods to make a success of this thing." Skyline has an option on a 200-ton mill or they could build a new facility which would have to be airlifted into the site. An airfield exists on the property but it would have to be extended to accommodate Hercules aircraft. There are no immediate plans to construct a road into the property. The Stewart-Cassiar highway is about 42 miles away and air access is from Wrangle, Alaska, a 30-minute flight.

Recoveries are estimated to be 92%-95% and ground conditions are good based on development work to date. A shrinkage stope mining method would be employed and the company is forecasting operating costs of \$100(C) per ton.

Measured reserves are 79,848 tons grading 1.33 oz gold, 1.9 oz silver and 1.5% copper. These are cut and have been confirmed by underground development. Drill-indicated reserves are 153,598 tons grading 0.67 oz gold and 0.97 oz silver while inferred reserves total 705,000 tons at 0.67 oz gold and 0.7 oz silver. None of the reserves are diluted. Copper concentrate and any gold content in it would be stored on site because of the lack of road access.

Skyline has a working capital of \$3 million and another \$3.5 million in warrants are exercisable by year-end. Mr Anderson said this will be sufficient to get things started and make a down payment on a mill.

Capital costs are estimated at \$12 to \$17 million and Skyline appears to be looking at total equity financing for the project. Mr Anderson said they want to keep dilution to a minimum and after the project is completed there would be around 7.5 million shares issued.

Gold production would be 60,000 to 90,000 oz per year and the pay-back period is estimated to be 16-18 months. Referring to Dr Groves' assessment of the over-all potential at four million tons grading 0.5 oz gold, he said that could justify a 1,000-ton-per-day milling operation which is not in the cards at the moment. Production would be expanded from cash flow as new reserves are established.

## Skyline hopes to start at 200 tons per day

by David Duval

1048107

VANCOUVER — Some detailed information has been made available to the public about Skyline Exploration's Reg property in north-western B.C. At this stage, management is confident the property could support a 200-ton-per-day milling operation which would be expandable at a later date.

Norman Anderson, former Cominco chairman, is expected to play a pivotal role in the property's development. And his brief association with Skyline has added some much-needed perspective to the situation.

Skyline followed up its recent annual meeting in Vancouver with a slide presentation which drew a full house. Several weeks ago the company mounted a similar presentation in London where much

of the buying for Skyline shares has originated.

Mr Anderson, who now is chairman of Skyline, told the Vancouver meeting that Skyline will need approximately 300,000 tons of "fully developed" ore to warrant production. He said they already have about half that amount and it will take about 3-4 months to firmly establish the remainder.

Work is expected to resume on the property in the next few weeks; last year's sampling work will be rechecked although he believes the "assaying was done well." The fire assay results were cross-checked in Vancouver and company consultant Dr E. W. (Ted) Grove said "the two were very similar."

In late 1987, Skyline drove a 1,200-ft crosscut into the deposit and completed 400 ft of drifting along several veins. Mr Grove said the program demonstrated that the veins were continuous and not lenticular as previously speculated. Most importantly, the grade was 1.5 to 3 times that indicated by drilling. In general, values were cut to twice the average after taking out all the highs.

Mr Grove noted that the mineralogy of the Stonehouse gold deposit is relatively simple. Gold occurs in native form with pyrite and chalcopyrite in quartz and K-feldspar as massive veins; it also occurs in massive porphyry-like K-feldspar zones. He said the gold is unevenly distributed in this porphyry material, noting that future

See Page 2

GCNL#26 SKYLINE EXPLORATIONS LTD. (SKX-V) Feb 6/87

CURRENT OBJECTIVE IS GOLD PRODUCTION FROM - M.N. Anderson,  
A 200 TON PER DAY PLANT BY JANUARY 1988 chairman of

104B107

Skyline Explorations Ltd., told the annual meeting Feb.5, that currently there are developed 150,000 ounces of gold in reserves in the underground workings. Their objective is to double this to 300,000 developed oz. gold, all above the 3,685-foot elevation level, by July 1987; make a production decision at 200 tons per day; then be producing gold one year from now. It would be small and profitable with the proceeds available to further explore and expand with minimum dilution.

The Reg property of Skyline is located 100 km north of Stewart, B.C. at 4,000 feet elevation in a moderate coastal climate with heavy snow. A 12-month a year operation is forecast. The camp and underground mining will resume in two weeks, weather permitting. It has been a mild winter and at present there is little snow on the property. The project will be on a fly-in basis using an Otter on skis. Later, if a production decision is made, the airstrip would be extended to accommodate a Hercules which would be used to move in the mill machinery. The crusher and grinding units have to be small enough to fit in a Hercules. Mr. Anderson said that while mine access would require construction of only 24 miles of road from a potential sea barge loading site, no road is contemplated at this time.

The 1986 exploration program was well managed and provided good value for the dollars spent, the chairman said. First phase in 1986 was 21 surface diamond drill holes, bringing the total to 108 holes. Between August and early November the project crosscut 1200 feet, drifted 400 feet on the Discovery and No.16 veins, drilled 35 underground holes and channel sampled and assayed 439 feet of vein underground. Cost for the 15,000 tons mined are estimated at \$21.00 per ton which is projected to allow mining and processing costs between \$100 and \$200 Cdn. per ton for a 200 tons per day operation.

Between now and July the program at the property will include further drifting on the Discovery and No.16 veins to test drill hole intersections ahead of the present faces, driving two and, probably, three raises, at 70° through to surface on the veins to establish vein grades and ventilation, further drilling and resampling much of the exposed veins to confirm present grade estimates. The raises will be driven from the adit level, one 175 feet and the other 600 feet to the sloping surface. (SEE GCNL NO.14, overleaf P.2, JAN 21, 1987 FOR DETAIL OF ORE RESERVE CALCULATION) Reserves include: measured tons 79,000 grading 1.328 oz. gold/t; drill indicated 153,000 tons grading 0.671 oz. gold/t and inferred 705,000 tons grading 1.328 oz. gold/t.

While this is underway the Phase I environmental report will be filed, allowing ample time for approval prior to the production decision. Concurrently, management will examine and expect to option parts for a 200-ton per day concentrating plant. There are six possible

- To finance the current

program, Skyline completed a private placement of 650,000 shares at \$5.10 in November 1986, to provide \$3,300,000 with warrants attached covering a further 650,000 shares at \$5.35 each exercisable until late 1987. When the warrants are exercised, there will be some \$7,000,000 funds available to the program and 6,700,000 shares issued on a fully diluted basis. The cost to production, including mine development and plant purchase and construction is estimated at between \$12,000,000 and \$17,000,000, leaving some \$5,100,000 to \$10,000,000 yet to be raised. Discussions are advanced toward acquiring a substantial portion of these funds from a tax flow-through share financing. In reply to questions, Mr. Anderson stated that the project is too young to support a bank loan and that equity funding to production is by far the best way for shareholders. The flow-through share funding dilution, will only proceed at such time that an adequate premium to the current share price, \$9.50 on Feb.4, 1987, can be negotiated.

While there are a number of good exploration targets on the property, only modest programs are planned for this year since all emphasis will be toward the production decision.

31 Mar 87 SKYLINE EXPLORATIONS LTD. (SKX-V) GCNL63  
PROGRESS REPORTED - The 1987 development program is well

104B107 underway on the Stonehouse gold deposit of Skyline Explorations Ltd. some 60 miles north of Stewart, B.C. Joyce A. Davis, secretary, says drilling and raising in the high grade 16 drift will be underway in the next few days.

The lab is being reopened to assay samples now being taken in the crosscut and Zapherin zones.

Skyline has bought 2 D8 Caterpillar tractors which will be walked to the mine site. These will be used to extend the airstrip to accommodate large aircraft and to prepare the millsite.

Management are seeking a mill and looking forward to production in early 1988.

A proposed development plant for the Inel claims will be announced soon.

Apr 87 UMR

\* 104B107  
**Skyline  
still hot**

In the last edition, we reported on the bonanza in gold encountered by Skyline Explorations Ltd. (VSE-SKX) during its current drilling and development programs at the 100%-owned Reg claim group located in the Iskut River area of north-western British Columbia.

With an estimated potential of some four million tons of ore grading 0.50 ounces of gold per ton, it was anticipated commercial-grade assays would continue to be encountered. And so they were, with grades such as 1.498 ounces of gold per ton for a 69-foot length and a width of 5.5 feet in the "16" drift. Reg Davis, president, says these assays indicate that the vein is maintaining its strength from the previous reported assays of 107 feet grading 1.90 ounces of gold per ton. Drifting on this vein will commence in early February.

Visible gold was intersected in two underground drill holes. The intersections were respectively approximately 100 feet and 160 feet below the level of the "16" drift.

Testing of a 500-pound bulk sample returned 5.0 troy ounces of free-milling gold and 12.380 troy ounces from concentrates, middlings and tailings. This quartz/sulphide sample was taken from the Gold Rush Vein.

Davis says Skyline's consultants are currently calculating reserve tonnage figures that will be released in the near future. He says that production is expected to commence in late 1987 at a rate of perhaps 200 tons per day.

Recent private placements have ensured funding to continue the exploration and development of the Johnny Mountain property.

**SKYLINE EXPLORATIONS LTD. (SKX-V) GCNL \*78**

HOLE	INTERVAL, FT.	FOOTAGE	OZ. GOLD/T
U120	10 to 53	43	0.44
	includes	10	1.495
U122	46 to 76	30	0.52
	includes	18.8	0.67

104B107

**MORE GOOD GOLD - R.E.Davis, president of Skyline ASSAYS REPORTED** Explorations Ltd., reports assays from further drilling on their

100%-owned Reg claim group 60 miles north of Stewart in NW B.C. Diamond drill hole 113, as reported previously, intersected the 16 Vein over a width of 22 feet grading 1.401 oz.gold/ton. Additional sampling of the core returned 14.4 feet of 0.528 oz.gold/t in a new center of mineralization located in the hanging wall, 97 feet up-hole from the 16 Vein. This new zone is believed to be an extension of the Zephrin zone which returned an average grade of 1.750 oz.gold/t over a width of 55 feet in the crosscut. Two additional drill holes intersected this new zone with the results shown in the table.

Drifting, raising and diamond drilling continue.

Apr 6, 87 **SKYLINE EXPLORATIONS LTD. (SKX-V) GCNL 67**

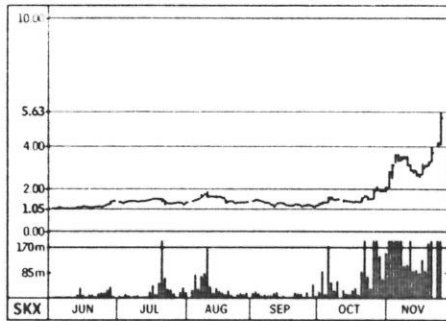
**DRILLING RESUMED. GOOD - R.E.Davis, president, reports GOLD INTERSECTION CUT** that underground drilling to 104 B107 intersect and extend the westerly continuation of the "16" vein system resumed in mid-March on their property on Johnny Mountain, some 60 miles north of Stewart, B.C.

Hole 117 was drilled southerly from the main crosscut angled up by 21 degrees. A 16.8-foot section frm 150.0 ft. to 166.8 feet in the hole assayed 0.84 oz.gold/t.

Mr.Davis says this free gold bearing mineralization was intersected 50 feet west of and 55 feet above the back of the main cross cut. The intersection extends known "16 Zone" indicated reserves in this sector.

Drilling continues and raise and drift development will start next week.

Skyline Explorations Ltd SKX  
Shares issued: 5,371,531 Nov 27 close: \$5.375



Skyline Explorations Ltd SKX  
Shares issued: 5,371,531 Nov 24 close: \$3.75  
Wed 26 Nov 86 News Release

Mr. Reg Davis reports:

The company announces that underground drilling is progressing on its 100% owned Reg claim group in northwestern B.C.

Visible gold was intersected in two new underground drill holes. The intersections were respectively about 100 feet and 160 feet below current drift level on the 16 vein. Assays and more detailed information are pending.

Mining on the 16 vein is currently 200 feet from an area of detailed surface drilling which gave uncut values such as DDH 26 with 5.050 oz/ton gold in 4 feet intersected, DDH 73 with 1.431 oz/ton gold in 40.4 feet intersected, DDH 76 with 1.152 oz/ton gold in 12.5 feet intersected, and DDH 77 with 2.150 oz/ton gold in 6.7 feet intersected.

Testing of a 500 pound bulk sample returned 5 troy ounces of free milling gold and 12.380 troy ounces from concentrate, middlings and tailings. The quartz-sulphide sample was taken from the Gold Rush vein.

Skyline Explorations Ltd SKX  
Shares issued: 5,371,531 Nov 26 close: \$4.25  
Thu 27 Nov 86 News Release

Ms. Joyce Davis reports:

The company announces that the exploration agreement dated July 28, 1986 between Knight's Mineral Exploration and Company, Limited Partnership and the company has been amended to provide that the exploration program be extended and continued for an additional \$1,000,000.

For the additional \$1,000,000 expended, pursuant to the program, the company will issue to the partnership, 6.7 common shares and 6.7 warrants for each \$1.00 of qualified expenditures, being an initial price of \$7.50 per share and per warrant.

The above amendment is subject to the appropriate regulatory approval.

Snow Lake Mines Ltd SLM  
Shares issued: 6,356,298 Nov 27 close: \$2.00  
Fri 28 Nov 86 Options Applied For

Directors and employees have applied for options on 170,000 shares at \$2.10 expiring November 24, 1988.

Softkey Software Products Inc SSK  
Wed 26 Nov 86 EOP Date Fixed

Effective date: November 20, 1986  
Offering date: November 26, 1986  
Expiry date: February 18, 1987  
Trade date: Tba  
Offering: 1,200,000 shares firmly underwritten  
Price: \$1.50  
Underwriters: Yorkton 1,200,000  
Underwriters Opt: On 150,000 shares at \$1.75 for 180 days after shares are posted and called for trading and a further option on 150,000 shares at \$2.00 for 270 days after shares are posted and called for trading.

Directors: T.T. O'Leary, J.A. Freeman, D.G. Csumrik, A.M. MacLennan, G.A. Hart, B.C. Grybowski

Trading symbol: SSK  
Sec. No: 621967  
Cusip No: 83402L 10 3

South-West Gold Corp SWG  
Shares issued: 1,510,401 Nov 20 close: \$0.30  
Wed 26 Nov 86 News Release

Ms. Elizabeth Dunfield reports:

The company announces that Mr. Mark Silk of Victoria, B.C., has been appointed to the board of directors of the company. Mr. Silk brings to the board experience in the field of marketing and operations management.

The company further announces that agreement has been reached whereby Elizabeth Dunfield, a director of the company, will transfer to Mr. Silk 750,000 escrow shares of the company, subject to regulatory and shareholder approval.

In conjunction with these changes, the company also announces that it has commenced negotiations with its creditors in order to seek agreement on improving its capital position.

Southern Petro Corporation SOU  
Shares issued: 2,014,263 Nov 17 close: \$0.22  
Mon 24 Nov 86 Delinquent Filer

The superintendent of brokers advises that the company is delinquent for interim financials dated August 1986.

Starburst Energy Corp SBR  
Shares issued: 4,545,293 Nov 19 close: \$0.10  
Mon 24 Nov 86 Company Review

Mr. A.C. Sewell reviews the company:

The company, during the year, re-acquired its interest in the Sturgeon Narrows property. The intent will be to dispose of the interest and re-direct corporate activities to the non-resource sector.

Strata Energy Corporation SGC  
Shares issued: 2,600,001 Nov 27 close: \$0.90  
Fri 28 Nov 86 News Release

Mr. John Kruzick reports:

Strata Energy announces that it is deferring the acquisition of the interest in Intertrade S.A., until such time as the company is in receipt of the necessary documentation for completing the filing with the VSE. In consideration of Strata deferring the acquisition of the Jamaica project, Jonathan J. Chin has agreed to complete a private placement of \$3,000,000 which will be used to acquire a 15% interest in Erintec Corporation. Erintec, a private Ontario corporation specializing in development manufacturing and marketing of technology products, owns controlling interest in two subsidiaries that have developed products in Canada and Ireland, and have manufacturing facilities in Boca Raton, Florida.

The two subsidiaries are:

Dataprotek International Inc. is a company involved in the business of manufacturing and marketing to major business and government clients, a security shield that protects computer data records against electronic surveillance and theft of information.

Stratoscan International Inc. manufactures a satellite dish made of proprietary material for commercial and military application, and has the worldwide marketing rights to this product.

Erintec is in the process of acquiring a third subsidiary, Viatic Resources Systems Inc., a private Canadian corporation. Viatic manufactures a computerized system for monitoring the operation of oil wells and for enhancement of oil well production in the field. The chairman of the board of Erintec is John J. Shepherd, who is also chairman of Leigh Instruments Canada, a company that supplies electronic instruments.

Sun River Gold Corporation SRF  
Shares issued: 1,415,753 Nov 21 close: \$0.77  
Mon 24 Nov 86 Company Review

Mr. Thomas Tough reviews the company:

The past year has seen the company undergo a change of management along with the acquisition of a strategic gold property in northwestern Arizona.

Previous exploration and development of the property along with recent geological mapping has revealed the presence of mineralized zones which have an aggregate length of some 5,500

104B107-REG  
STOCKWATCH NOV28/86 PROPERTY FILE



April 16/87 SKYLINE EXPLORATIONS LTD. (SKX-V) G.C.N. 92

HOLE	INTERVAL, FT.	FOOTAGE	OZ. GOLD/T
117	150.0 - 166.8	16.8	0.84
118	225.0 - 234.3	9.3	1.98
119	204.0 - 208.0	4.0	2.54
120	167.2 - 171.0	3.8	0.50

HIGH GRADE GOLD - Norman Anderson, chairman, reports ASSAYS REPORTED that development is progressing rapidly on the 100%-owned Reg claim group, 60 miles north of Stewart, B.C. Two Caterpillar D-8 tractors and a large backhoe are at the site, along with 130,000 pounds of other heavy equipment. The tractors and backhoe will be used for road building, preparing the millsite, extending the present airstrip and road construction to the Inel claim group.

Assays on 4 more drill holes are shown in the table. Holes 117 and 118 are in the 16 Zone above the drift level in the area to be intersected by the raise. Holes 119 and 120 are 70 to 90 feet below the drift level in the 16 zone.

Drift extensions and a raise to surface in the 16 zone are underway. Drilling is continuing.

SKYLINE EXPLORATIONS LTD. (SKX-V) G.C.N. 92

SAMPLE	OZ. SILVER/T	OZ. GOLD/T	
1819	2.98	11.085	NEW VEIN AVERAGES 15.31
1820	3.59	11.420	OZ. GOLD/T FOR 10 FEET
1821	6.83	4.845	ACROSS 2.5-FOOT WIDTH
1822	21.18	41.450	R.E. Davis, president of
1823	17.77	34.930	Skyline Explorations Ltd.,
1824	17.76	36.130	reports that underground
1825	2.77	1.220	development is proceeding
1866	0.10	0.072	as scheduled on the Reg
1892	0.27	0.110	property some 60 miles

13 MAY 87  
north Stewart, B.C. The 16 raise has progressed to 250 feet and the 16 drift to 303 feet.

1048107  
Mr. Davis says, "A new high grade vein in the Zephirin zone has been assayed in Skyline's laboratory and cross checked at Acme Analytical Labs Ltd. in Vancouver. This new vein has a true width of 2.5 feet and was traced for a length of 10 feet where it faulted off above and below the crosscut. Further tracing of this spectacular find will be carried out." The assays shown in the table were received from Acme Labs. The average assay across the 2.5-foot width is 15.31 oz. gold/ton (uncut).

A contract for the design and construction of a 200-400 ton per day mill will be let within a week.



# Skyline Explorations Ltd.

WIN May 87

**Board of Directors:**

M.N. Anderson, Chairman  
R.E. Davis, President  
J.A. Davis, Secretary  
R.G. Gifford, P.Eng., Director  
R.C. Shon, Director

## Production Target - Early 1988

Mineral reserve status is currently as follows:

	Gold Oz/Ton	Silver Oz/Ton	% Cu	Tons
Measured	1.328	1.91	1.50	79,848
Drill Ind.	0.61	0.97	0.78	153,598
Drill Inf.	0.67	0.70	0.67	705,000
Total:	0.730	0.85	0.76	938,446

Geological potential is estimated to be 4,000,000 tons at 0.50 ounces gold per ton.

1048107

Listed on the Vancouver Stock Exchange: Trading Symbol - SKX

For Complete Brochure Write  
Skyline Explorations Ltd.

Attention Joyce Davis

301-675 West Hastings Street, Vancouver, B.C. V6B 1N2 (604) 683-8865  
FAX (604) 685-1207

For more information please circle reader service number 101 on page 68.

Win/50 87

104B107

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# Skyline still hot

In the last edition, we reported on the bonanza in gold encountered by Skyline Explorations Ltd. (VSE-SKX) during its current drilling and development programs at the 100%-owned Reg claim group located in the Iskut River area of northwestern British Columbia.

With an estimated potential of some four million tons of ore grading 0.50 ounces of gold per ton, it was anticipated commercial-grade assays would continue to be encountered. And so they were, with grades such as 1.498 ounces of gold per ton for a 69-foot length and a width of 5.5 feet in the "16" drift. Reg Davis, president, says these assays indicate that the vein is maintaining its strength from the previous reported assays of 107 feet grading 1.90 ounces of gold per ton. Drifting on this vein will commence in early February.

Visible gold was intersected in two underground drill holes. The intersections were respectively approximately 100 feet and 160 feet below the level of the "16" drift.

Testing of a 500-pound bulk sample returned 5.0 troy ounces of free-milling gold and 12.380 troy ounces from concentrates, middlings and tailings. This quartz sulphide sample was taken from the Gold Rush Vein.

Davis says Skyline's consultants are currently calculating reserve tonnage figures that will be released in the near future. He says that production is expected to commence in late 1987 at a rate of perhaps 200 tons per day.

Recent private placements have ensured funding to continue the exploration and development of the Johnny Mountain property.

MAY 4 87 NM

## Underground work under way by Skyline

VANCOUVER — Underground development work and drilling are under way at Skyline Explorations' Reg property in northwestern, B.C. Two recent holes intersected what is believed to be an extension of the Zephrin zone which previously returned an average grade of 1.75 oz gold over a width of 55 ft in a crosscut.

104B107

One of the latest holes, U120, returned 0.44 oz gold over 43 ft and within that section was 10 ft of 1.49 oz gold. A second hole, U122, averaged 0.52 oz gold over 30 ft including 18.8 ft grading 0.67 oz gold. Four holes drilled earlier this year also returned some impressive intersections including 16.8 ft of 0.84 oz gold, 9.3 ft averaging 1.98 oz, 4.0 ft of 2.54 oz, and 3.8 ft of 0.5 oz.

A D-8 tractor and a large backhoe have been brought into the site plus other heavy equipment. The equipment will be used for road building, preparing the millsite, extending the present airstrip, and road construction to the company's Inel claim group.

G.C.N.L.

**SKYLINE EXPLORATIONS LTD. (SKX-V)**

DISTANCE FR. WEST END OF STOPE	STOPE WIDTH	OZ. GOLD PER TON	STOPE WIDTH 12.8 FT. ASSAYED 3.7 OZ. GOLD
3.3 ft.	9.8 ft.	0.808	104B107
9.8	7.9	1.872	R.E. Davis, president
13.1	9.0	2.119	of Skyline Explorations
16.4	6.9	0.540	Ltd., reports that the
23.0	6.9	0.440	most recent mining on
26.2	8.9	0.853	the Stonehouse gold
29.5	5.6	0.785	deposit on their Reg
32.8	7.9	0.428	property on Johnny
36.1	4.3	1.438	Mountain in the Iskut
37.7	4.9	0.553	River area 60 miles
39.4	8.9	0.675	north of Stewart, B.C.,
42.7	6.6	0.664	was along the 11-16A
45.9	9.5	2.234	stope on the 11/16 vein
49.2	6.6	0.543	The mined material
52.5	10.5	3.812	averaged 0.958 oz. gold
59.1	12.5	1.573	per ton over a length
65.6	12.8	3.733	of 262 feet and an
72.2	13.5	0.408	average stope width of
78.7	14.8	0.620	7.7 feet. The higher
82.0	13.5	2.885	western portion which
85.3	8.9	0.053	represents "new" ore
91.9	9.2	1.081	reserves is of partic-
98.4	7.5	0.257	ular interest. It av-

eraged 1.361 oz. gold/t over a length of 100 feet and an average stope width of 9.0 feet. Gold was visible at the face of the stope where subdrifting is continuing in ore. DEC 8/87

235

### Site construction is on schedule at Skyline bet N.M.

Construction and mobilization of the mill equipment is on schedule at its wholly-owned Johnny Mountain gold property located north of Stewart, B.C., Skyline Explorations reports. The recreation hall and cook house building is complete and 50% of the bunk-house trailers are in place. 104B107

Surface drilling, part of a large exploration program, continues. A geochemical sampling program on the lower claims returned excellent results, the company reports.

Surface drilling this season was concentrated on the high grade 16 zone extensions and the Gold Rush zone. Assays from surface and underground drilling are being compiled.

Underground drilling is in progress and will continue throughout the winter. NOV 16 1987

The company reports the 16 drift slope is returning grades of 1.2 oz gold per ton (fully diluted). Width of this vein has grown from 5-6 ft to 15 ft. The ore is being stockpiled underground until the mill is in operation in January or February, 1988.

Skyline Explorations Ltd SKX  
Shares issued: 7,150,155 Dec 8 close: \$9.625  
News Release

DEC 9 1987  
Mr R.E. Davis reports:

REG PROPERTY

S.W.

The company's most recent mining along the 11-16A stope on the 11/16 vein averaged .958 oz/ton gold over a length of 262 feet and an average stope width of 7.7 feet.

The higher grade western portion which represents new ore reserves averaged 1.361 oz/ton gold over a length of 100 feet and average stope width of 9.0 feet. Visible gold was seen at the face of the stope where subdrifting is continuing in ore. 104B107

Sampling of the new western end of the stope which is 60 feet above the main 1125 adit level gave the following fully diluted grades:

DISTANCE FROM WEST END OF STOPE (FT)	STOPE WIDTH (FEET)	AVERAGE GRADE ACROSS STOPE OZ AU/TON
3.3	9.8	0.808
9.8	7.9	1.872
13.1	9.0	2.119
16.4	6.9	0.540
23.0	6.9	0.440
26.2	8.9	0.853
29.5	5.6	0.785
32.8	7.9	0.428
36.1	4.3	1.438
37.7	4.9	0.553
39.4	8.9	0.675
42.7	6.6	0.664
45.9	9.5	2.234
49.2	6.6	0.543
52.5	10.5	3.812
59.1	12.5	1.573
65.6	12.8	3.733
72.2	13.5	0.408
78.7	14.8	0.620
82.0	13.5	2.885
85.3	8.9	0.053
91.9	9.2	1.081
98.4	7.5	0.257

G.C.N.L. SKYLINE EXPLORATIONS LTD. (SKX-V) 13  
MINE PREPARATION PROGRESS - Skyline Explorations Ltd.  
has reported all construc-

proceeding on schedule at the 100% owned Johnny Mountain gold mine site 60 miles north of Stewart B.C. The recreation hall/cook house building is now completed and 50% of the bunk house trailers are in place.

A large exploration program has been carried out and surface drilling is still in progress. Geochemical sampling on the lower claims returned excellent results. Surface drilling this season has been concentrated on the high grade 16-Zone extensions and the Gold Rush zone. Assays from the surface and underground drilling are being compiled and will be released later with increased tonnage figures. 104B107

Underground drilling is in progress and will continue throughout the winter to outline and upgrade ore reserves. NOV 5 1987

The 16 drift stope is returning grades of 1.2 oz. gold/t (fully diluted) to date. This vein has recently expanded from a width of 5 to 6 feet to 15 feet. This ore is being stockpiled underground until the mill is in operation in January-February 1988. The company is fully financed through the recent \$15,600,000 financing.

## \*Mill construction contract awarded by Skyline Expl. NM 73,13 1048107

VANCOUVER — A contract has been awarded to Orocan Inc. of North Vancouver for mill construction at Skyline Explorations' Reg property north of Stewart, B.C.

Initial mill capacity will be 200 tons per day, expandable to 400 tons at "a nominal additional capital cost," says Skyline. Construction is expected to begin July 1 following approval of the company's Stage I report.

High grade gold values have been reported in a 16-vein raise and a comprehensive back sampling and detailed mapping program are under way to fully assess the mineralization.

The company says the 1987 exploration drift on the 16 vein has advanced 320 ft. Claiming the structure is continuous and has averaged 4 ft plus an altered mineralized hangingwall, Skyline states that "periodic face samples indicate an average grade of 1.05 oz per ton." A comprehensive panel sampling program over the entire drift was completed in late May but assay results are not yet available.

The 16 veins at the present east face has been offset by a fault to approximately 100 ft north; this was expected and drifting has resumed, says Skyline.

A 370-ft ventilation raise in the 16 zone has broken through to sur-

face, confirming its vertical continuity. Skyline says that "preliminary early samples indicate a grade of 0.91 oz per ton gold." A comprehensive panel sampling and mapping program will begin shortly, the company adds.

Diamond drilling is under way from a hangingwall drift which will allow Skyline to explore the 16 zone and Discovery vein to a depth of 150 ft below the existing level. A second level will be established at the approximate 3,525-ft elevation immediately adjacent to the proposed mill site.

## Skyline announces updated reserves N.M.

VANCOUVER — Updated reserves have been announced by Skyline Explorations for its Reg property in northwestern B.C. Measured reserves are now 121,330 tons grading 1.25 oz gold and 2.1 oz silver. In addition, 161,910 tons averaging 0.75 oz gold and 0.97 oz silver are classified as drill-indicated and 655,000 tons grading 0.65 oz gold and 0.66 oz silver as drill-inferred. 1048107

Mill construction is scheduled to begin by mid-August and Stage I approval has been received from the provincial government. Regarding production financing, Skyline has entered into an agreement with Pemberton Houston Willoughby Bell Gouinlock. The offering involves 1.2 million special warrants at \$13 each by way of a private placement. A company director, Ronald Shon, has agreed to advance up to \$6 million through a debenture which will be repaid from cash flow. All the funds will be used to place Skyline's Reg property into production.

### MacDonnell Geophysics

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## High-grade for Skyline Win Vol 1, 75 June 87 1048107

VANCOUVER, BC — Skyline Explorations Ltd. (VSE-SKX) reports that underground development is proceeding on schedule on its 26,000-acre Reg claim group located in northwestern British Columbia. The "16" raise has been driven to 250 feet and the "16" drift has progressed to 303 feet. A new high-grade vein in the Zephrin Zone has been assayed in the company lab

and cross-checked at Acme Analytical Labs Ltd. in Vancouver. This new vein has a true width of 2.5 feet and has been traced for a length of 10 feet where it faulted off above and below the crosscut. Further tracing of this vein will be carried out.

The average assay across the 2.5-foot width is calculated a 15.31 ounces of gold per ton uncut.