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PROPERTY FILE

Skyline Explorations Ltd.

1986 Development
REG Property
Stonehouse Gold Deposit



1986 MINING PROGRAM DEVELOPS GOLD DEPOSIT

Underground mining and metallurgical testwork in preparation for feasibility has been completed on the Stonehouse gold deposit. Gold is free-milling with recoveries in excess of 90 percent. Pre-production development and construction of milling facilities will be undertaken during 1987.

Currently mineral reserves stand at 938,000 tons grading 0.73 ounces gold per ton. Skyline Explorations is well-funded with \$3.3 million in place for the initial work program. A target of 300,000 tons of ore above adit level grading greater than 0.85 ounces gold per ton is expected to be fully defined and developed by July 1987. Production is planned for year end.

PROPERTY

The Reg claim group, 26,000 acres in size, is 100% owned by Skyline and located in northwestern British Columbia. It features the Stonehouse gold zone and includes attractive additional exploration targets such as the McFadden, Bonanza, C1, C2 and C3 areas.

STONEHOUSE GOLD DEPOSIT

Skyline Explorations completed a 1,020 foot crosscut and 380 feet of drifting on the Discovery and '16' veins of the Stonehouse Deposit. The continuity of the vein systems at depth and along strike was confirmed, and gold grades were markedly higher than indicated by core drilling.

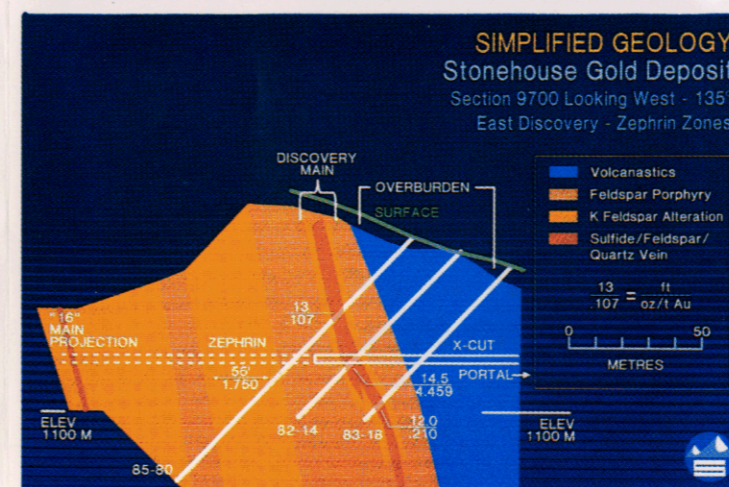
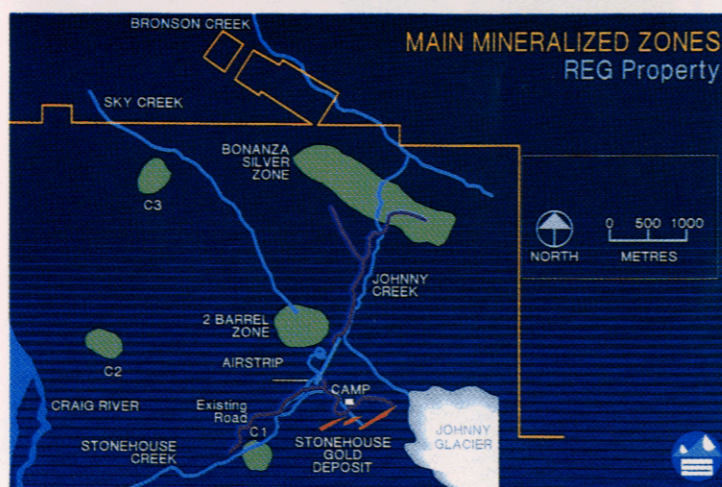
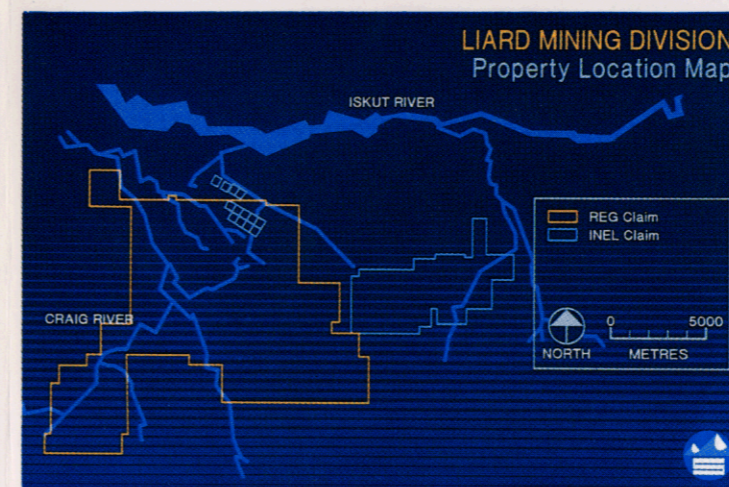
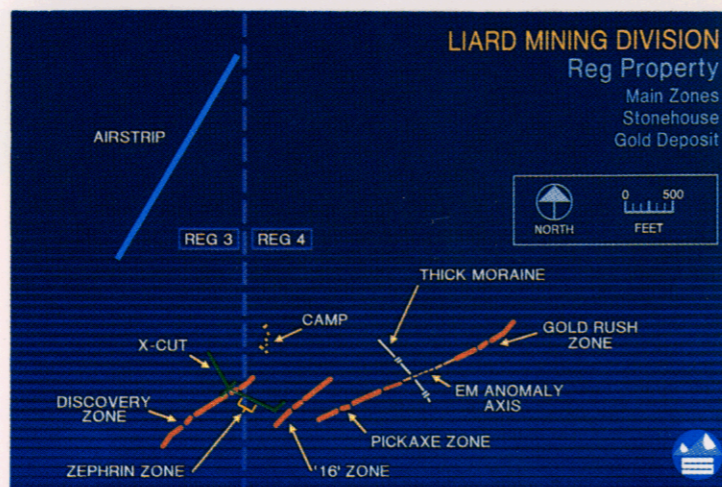
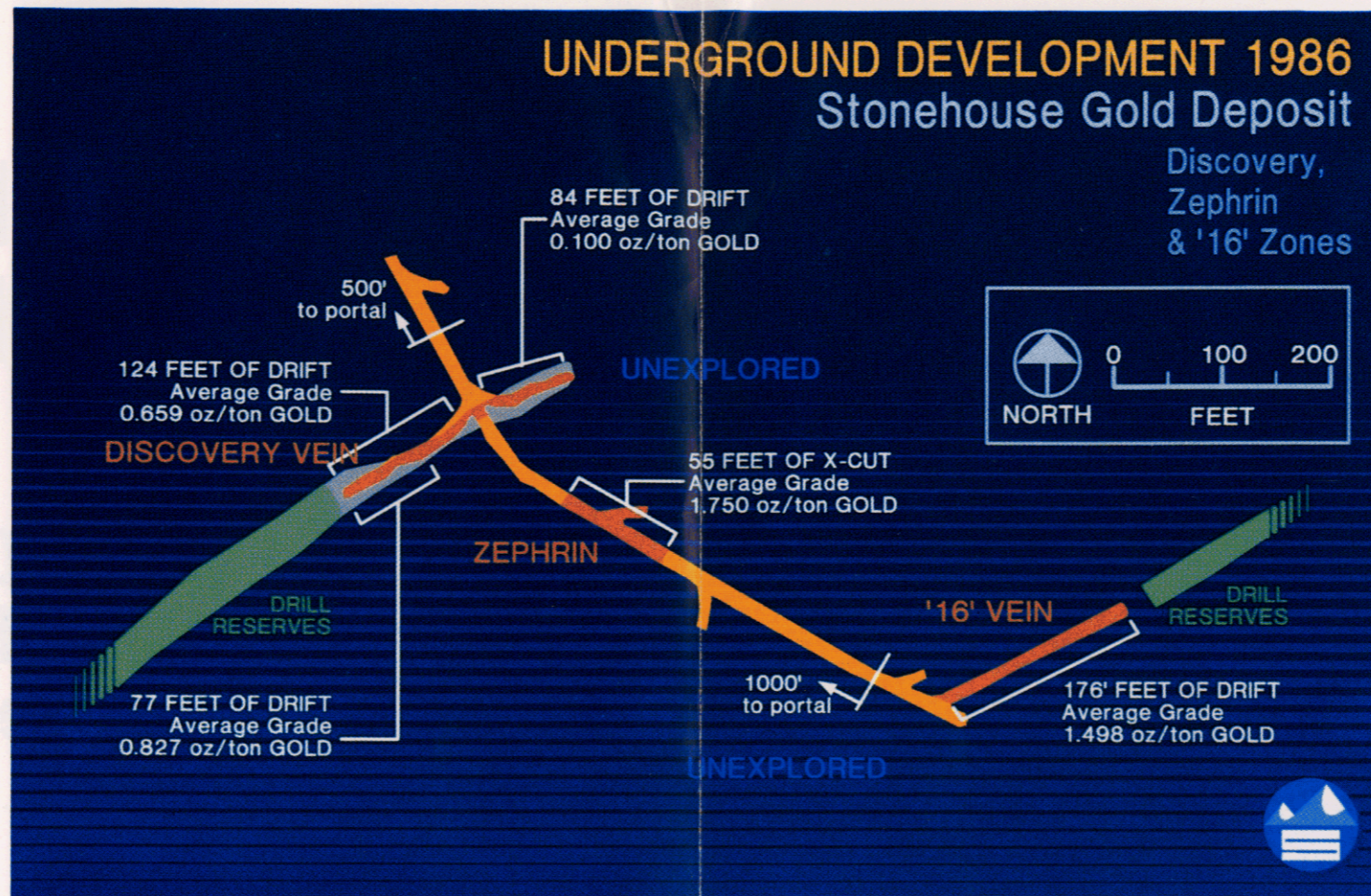
Work in 1986 proved the presence of a large, high grade breccia zone termed the Zephrin and showed westward continuation of the Discovery vein. Exciting drill intersections 100 feet below mine workings on the '16' vein gave the following:

DDH	FOOTAGE	OZ/T GOLD
U5	124-146 (22')	1.401
U6	157-162 (5')	0.962

and 190 feet below the same workings results were:

S53	477-587 (10')	1.229
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The excellent results of the 1986 program have allowed a major increase in all categories of mineral reserves as well as a dramatic increase in the geological potential. This places the Skyline mine among the top gold developments in Canada.



MINERAL RESERVE SUMMARY

Reserves were increased significantly by drilling and mining advance through the Discovery, '16' and Zephrin zones. The '16' vein in particular, showed frequent gold occurrences in a broad, regular exposure for 180 feet of current drift extent. It averaged 1.452 ounces gold per ton across a 6 foot width for this length.

There was a major increase in previous mineral reserve determinations. Notably the measured plus drill indicated reserve now stands at 233,000 tons grading 0.865 ounces gold per ton.

Mineral reserve status is currently as follows:

	Oz/Ton	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.

METALLURGY

Native gold is the main economic mineral of the Stonehouse deposit. Associated with this are iron, copper, and zinc sulfides in a gangue of quartz and feldspar. The mineralization occurs in massive veins and in a large intensely altered breccia zone.

Metallurgical testing has shown gold enriched material from the Discovery and '16' veins, and the Zephrin breccia body to be completely compatible with standard gold recovery processes. A minimum gold recovery of 93 to 95 percent is indicated from tests, and this can be increased a further 2 to 3 percent by recovering gold from flotation copper concentrates.

CORPORATE HIGHLIGHTS

The emergence of Skyline Explorations as a mine developer is reflected in changes in the Board of Directors and Officers of the Company.

Mr. M.N. Anderson, formerly C.E.O., Cominco Ltd., and Mr. R.C. Shon, both of Vancouver, are newly elected directors, Mr. Anderson has become Chairman, Mr. R.E. Davis continues as President, and the three form the newly organized Finance Committee. Mrs. Joyce Davis, Secretary, and Mr. R.G. Gifford, property founder, continue as directors of the company.

SKYLINE EXPLORATIONS LTD. — incorporated 1968

GENERAL INFORMATION

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
Treasury:	10,000,000 shares authorized *5,757,928 shares issued (* of which 469,770 held in escrow)
Transfer Agent:	Guaranty Trust Company of Canada 800 West Pender Street Vancouver, B.C.
Property Holdings:	All properties are in the Iskut River area of northwest British Columbia. All are 100% owned by Skyline.
REG Claim Group	417 units (25,670 acres)
INEL Claim Group	185 units (11,400 acres)
Other Claim Groups	161 units (9390 acres)

Listed on the Vancouver Stock Exchange: Trading Symbol — SKX

CONSULTANTS

E. W. Grove Consultants Ltd. — Geology
Pamicon Developments Ltd. — Engineering

January, 1987 — REG Property, Stonehouse Gold Deposit



Skyline Explorations Ltd.

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