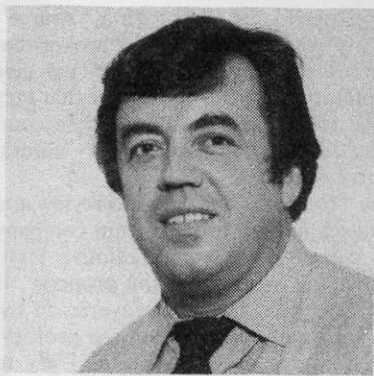


**Skyline Explorations Ltd.** — REGINALD W. OGDEN of Canarim Investments Ltd.



REGINALD W. OGDEN

The 1983 exploration season was in many ways a momentous year for Skyline Exploration on their jointly operated Reg claims and fully owned Inel claims on Johnny Mountain in the Iskut River area of B.C.

The Reg group of 325 units was staked in March 1980 to cover a system of old copper showings on the northwest flank of Johnny Mountain where mineralization was first uncovered in the early 1900's as high grade float.

Under the Placer-Anaconda agreement, Placer-Anaconda were required to spend \$1,250,000 during 1983 and \$1,000,000.00 during the 1984 calendar year with Anaconda contributing 80% of the costs to obtain 50% of Placer's interest.

In addition, Placer has agreed to purchase Treasury Stock in Skyline at prices between \$4.00 per share and \$9.00 per share.

Placer is obliged to complete a feasibility study prior to December 31st, 1986 which may be extended two years by paying \$200,000 per annum. Skyline's interest in the property can be reduced to 35% but Placer will arrange all financing for Skyline's pro rata share of the costs.

The Reg Group is located 70 miles northwest of Stewart, B.C. The known

bound massive sulphide lodes and cross-cutting high grade sulphide veins. In past exploration, precious metal values have generally occurred in association with copper-rich sulphides within the volcanic pile. High precious metal values from extensively dispersed mineral float suggest several more mineral zones and structures occur beneath the cover of glacially derived overburden.

The potential exists for large tonnage of lower grade gold in the alteration zones in the vicinity of the known showings.

Drilling to date suggests that the mineralized zones are controlled by fracture systems in volcanic conglomerate and the various volcanic flows and intrusions.

The Skyline consultants have noticed the many structural resemblances with the famous Silbak-Premier deposit where numerous high grade individual shoots provided a total mined tonnage of 4,700,000 tons of .9 copper, .39 oz. gold and 8.7 oz. of silver and .22% and .65% of zinc and lead.

To test such a geologic environment requires close spaced drilling at no more than 25 metre spacing of individual shoots.

This was started near Hole 82-16 between the Cloutier and Pickaxe zones. The following intersections were obtained over a strike length of 500 feet as assayed by Acme Analytical Laboratories: (See Figure 1)

This zone, called the 16 zone, is open on strike and at depth. The above holes were the only ones drilled on this zone. High gold soils and a weakly conductive zone extend for 600 metres to the east.

On the Cloutier zone, five holes were drilled to extend earlier drilling by Skyline. Three holes obtained significant intersections. (See Figure 2)

Several hundred meters of this structure as indicated by geophysics remain to be explored to the southwest and at depth. To the northeast, high soil samples for 600 metres could be related to this zone.

In 1983 E.W. Grove, the Skyline con-

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sultant, estimated that the Cloutier-16 Main Zone, has drilled-indicated and inferred reserves of 268,000 tons of .4 oz. gold without including the footwall and hanging wall zones. This estimate was based on mineral reserves above the 300 foot levels. The zone is still open to the northeast and southwest.

The major work done under the Placer (30%), Anaconda (30%), Skyline (40%) joint venture consisted of:

1. over 2,400 metres of diamond drilling in 23 holes
2. 1,400 metres of bulldozer trenching
3. 41 kilometres of grid, Magnetic, VLF and geochemical surveys
4. The property was flown for Airborne Geophysics that outlined several northeast-trending conductors.

Another five conducting zones associated with high geochemical values were located by surface E.M. surveys, with peak values in the soil along these zones ranging up to 6.25 ppm gold = .18 oz./ton gold.

These surveys also located high base metal values up to about 4000 ppm copper, 8400 ppm lead and 14,680 ppm zinc in the soils.

Initial reconnaissance prospecting has located a number of occurrences of lead-zinc-silver-gold, some in place, some in float, close to and over the old Crown Grants purchased by Skyline. Assaying in general in the order of 12% lead and zinc, values as high as 33 oz./ton silver and .38 oz./ton gold have been encountered, proving the wide-spread occurrence of gold and silver. The base metal finds have been made in an area where the airborne survey located a number of strong conductors in a belt of low resistivity.

Whilst exploration activity on the Reg is more advanced, the Skyline fully owned Inel claims provided interested exploration news for the 1983 season.

It was originally intended to drill the Inel claims in September 1983. New results combined with the unexpected increase in the size of the mineralized area led to a change in exploration philosophy. Management is now considering driving an audit followed by underground drilling.

Throughout the 1983 exploration season extensive mapping, trenching and sampling was carried out.

Results of the detailed channel sampling on the more inaccessible Inel North Zone have shown massive pyrite exposures as high as 8.94 oz. of gold and as high as 176 oz. silver with significant copper and zinc values. Extensive prospecting and mapping has shown gold and silver mineralization to be more widespread than previously known. It now appears that the 800 foot wide gold-silver pyrite zone is surrounded by a shell-like zone of quartz sulphide veins containing copper, lead, zinc, silver and gold values. The overall width of the well mineralized exposure is about 3,500 feet by a length of up to 4,500 feet and a vertical extent exceeding 2,000 feet.

Results of the 1983 field program have shown the presence of a very large mineral deposit that displays classic metal zoning that reflects itself in the mineral distribution patterns.

Although a full report on the joint venture on the Reg claims is not yet available, 1984 promises to be an important one for Skyline. With over \$1,000,000.00 Canadian in working capital, the Company is in an excellent position to involve itself in two major exploration programs in the same basic region. In past years Skyline management has shown that it can stretch its exploration dollars a long way. Combined with the new exploration logistics, 1984 should prove to be an important one for Skyline in its attempt to outline a world class gold deposit on Johnny Mountain.

FIGURE 1						
HOLE NO.	FROM	TO	FEET	% Cu	Oz/T Ag	Oz/T Au
83-26	291.1	295.1	4.0	.56	1.73	6.50
83-27	237.9	247.8	9.9	.17	3.49	.87
83-28	314.5	321	6.5	.04	.12	.18 NE
83-29	316	318.1	2.1	1.23	1.50	.15
83-36	341	346	15.5	.31	2.64	.21
83-38	331.3	336.8	5.5	.51	2.29	.43 SW

FIGURE 2						
HOLE NO.	FROM	TO	FEET	% Cu	Oz/T Ag	Oz/T Au
83-18	267	-271.2	4.2'	2.95	.41	.42
83-25	222.5	-227.8	5.3'	.09	.11	.11
83-31	341	-346	5.0'	.01	.07	.17

mineralized area occurs between 3,700 and 4,800 feet altitude on Johnny Mountain which rises to 7,000 feet. In 1983 a change in logistics extended the exploration season and reduced transportation costs. Instead of flying all supplies in they were partly barged in from Wrangell, Alaska. At the end of the season a 3000' long airstrip was partially completed on the property.

The so-called Pick-Axe showings have been partially explored at various times by Hudson's Bay Mining and Smelting, Cominco and Texas Gulf.

Mineral occurrences on the Reg are numerous and comprised mainly of base metal sulphides in lense and vein structures with varying concentrations of gold and silver.

The principal gold showings occur in the central part of the Reg Group and most are contained within a 200 metre wide zone of intense alteration that can be traced over 1,400 metres in an east-west direction.

Well mineralized float is extremely widespread over the property, much of it showing extremely high precious metal assays.

The overall geologic setting has been described by one consultant as typical of massive sulphide deposits that are associated with intermediate to acid volcanism.

The structure suggests both strata-

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