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SKYLINE GOLD CORPORATION

EXPLORATION LEADER IN BRITISH COLUMBIA'S NORTH COAST RANGE

1.0 INTRODUCTION

When Skyline staked its first mineral claims on Johnny Mountain in the early 1980's, the company sparked a gold rush that led not only to the development of the Johnny Mountain Gold Mine, but to the discovery of the Snip Mine, the Eskay Creek deposit, the Kerr deposit and the Newhawk deposits as well. Mineral reserve values in the billions of dollars are presently estimated for the district, eppropriately named British Columbia's *Golden Triangle*.

Exploration efforts in the area have barely begun to "scratch the surface". The North Coast region will continue to be the focus of successful exploration ventures for many decades to come. Skyline Gold Corporation is presently undertaking both a financial and corporate restructuring that will keep the company in the forefront of that exploration focus.

Ideally located a mere thirty kilometres down the broad Iskut River valley from the present terminus of the Eskay Creek road, the company's 22,000 acre property hosts several giant mineralized hydrothermal systems that have led to the formation of a wide diversity of base and precious metal deposits. The company's modern 400 ton per day gravity and flotation mill, Hercules airstrip, bunkhouse and shop facilities, full complement of underground mining equipment and in place environmental permitting are assets that will allow the company to fully develop its mineral potential. The company's asset base will also put it in the enviable position of being able to participate in the development of other finds in the area.

2.0 THE PROPERTY

2.1 Property Geology

Triassic sedimentary and volcanic rocks of the Stuhini Group are unconformably overlain by Lower Jurassic sedimentary and volcanic rocks equivalent to the Mt. Dilworth and Salmon River Formations. The Triassic rocks are intruded by a number of Jurassic stocks, dykes and sills which have created large hydrothermal base and precious metal mineralizing systems. The deposit types are diverse: including porphyry base and precious metal, shear hosted base and precious metal, fissure vein precious metal, carbonate replacement base metal and volcanogenic massive sulphide. Distinctive classic metal ratio zonation patterns have been observed associated with the hydrothermal systems.

2.2 The Stonehouse Deposit

The Johnny Mountain mine was in production for two years, from August, 1988 to September, 1990. During that time over 85,000 ounces of gold, 133,000 ounces of silver and 2,100,000 pounds of copper were produced from veins of the Stonehouse deposit. The northeasterly striking, moderately northwesterly dipping quartz veins varied in thickness from one to ten metres and were mined to a depth of 200 metres below surface along a 670 metre strike length. Gold occurred as native gold and electrum in quartz and on sulphide grain boundaries. Twenty-five percent of the gold was recovered by gravity methods and refined to dore on site while the

remainder was recovered in a chalcopyrite flotation concentrate which was marketed offshore.

A recent reserve audit (Burgoyne 1992) has identified 66,500 Tons of fully cut and diluted, measured and drill indicated reserves containing 0.6 ounce gold per ton accessible from the present mine workings. An analysis of mineral plunge directions has identified areas of excellent exploration potential to be drilled from the present mine workings. It is the company's intention to perform this exploration drilling as a top priority.

2.3 Snip Style Deposits

The Snip mine, owned jointly by Cominco (operator) and Homestake, is located just 200 metres from the northeast corner of Skyline's property. The primary ore zone at Snip is the Twin Vein, a southeasterly striking, moderately southwesterly dipping mineralized shear zone. Ore reserves at the Snip at 1991 year end were 961,000 short tons grading 0.822 ounce gold per ton. Production for 1991 totalled 138,000 short tons grading 0.887 ounce gold per short ton. Production at the mine has improved in 1992 (unofficial estimates of 400 short tons per day containing 1.0 ounce gold per ton).

Skyline has identified a number of identical shear zones on its property, primarily in the region of the Bronson Creek - Sky Creek corridor. Widely spaced drill testing of these structures has encountered base metal mineralization with weak gold values. The company plans to continue to test these targets with the goal of identifying precious metal ore shoots within them.

2.4 The SMC Prospect

The SMC prospect was discovered by Adrian Resources in 1991 by mapping and prospecting a gossanous shear zone exposed by a prospector/bulldozer operator during the construction of the Johnny Mountain to Bronson Creek road in 1988. Machine trenching in 1991 exposed a series of semi-massive sulphide zones striking easterly and dipping moderately to north. Stockwork mineralization associated with the zones contained some notable examples of visible gold. A number of test holes were drilled with the following results:

SMC PROSPECT
DRILL HOLE ASSAY COMPOSITE TABLE *

Hole Number	From m.	To m.	Length m.	Au oz/T	Zn %
1159 (91-01)	2.0	7.65	5.65	0.063	3.74
"	38.0	45.0	7.0	0.102	1.48
1160 (91-02)	5.0	15.0	10.0	0.122	3.56
"	34.0	36.0	2.0	0.116	2.49
1161 (91-03)	17.1	23.0	5.9	0.104	2.77
1162 (91-04)	19.2	34.0	14.8	0.133	5.74
1163 (91-05)	22.0	27.0	5.0	0.101	2.15
1166 (91-09)	20.0	21.0	1.0	0.113	1.46
1167 (91-10)	24.0	26.0	2.0	0.105	1.22
1168 (91-11)	20.0	22.0	2.0	0.106	5.94

* Envelopes of much thicker, lower grade zones flank most of these intervals.

The mineralized zones show a remarkable consistency of gold grade. The base metal values are low but in combination with the precious metal values they demonstrate good exploration potential. Many more targets with similar geophysical and geochemical characteristics have been outlined near the SMC prospect.

A study of lead isotopic compositions of galena samples from the SMC prospect (Dean, 1991) concluded that the results are consistent with a Jurassic mineralizing event. This age is similar to mineralization at the Stonehouse, Snip and Eskay Creek deposits.

Skyline is planning an aggressive exploration program for this area of the property.

2.5 The Bronson Creek Porphyry System

The mineralized porphyry system comprises three distinct zones, distinguishable on the basis of geology and mineralogy. The northwesterly part of the system comprises the Red Bluff quartz monzonite intrusive porphyry complex. This zone was penetrated in 1988 by seventeen drill holes, three of which, 944, 945 and 946, contained an average of .021 ounce gold per ton (.71 grams per metric tonne) and .23 percent copper over an aggregate length of 363.7 metres. A molybdenum-rich phase associated with this complex was identified in drill holes 959 and 960 and contained an average of .03 percent molybdenum and .10 percent copper over an aggregate length of 274 metres.

RED BLUFF DRILL HOLE ASSAY COMPOSITES

HOLE NO.	FROM m.	TO m.	LEN. m.	Au ppm	Ag ppm	Cu ppm	Mo ppm	Zn ppm
944	6.4	206.3	199.9	.61	4.2	2510	41	92
945	4.3	48.0	43.7	.78	5.3	2395	50	322
946	1.5	121.6	120.1	.84	3.4	2083	24	93
947	3.4	78.9	75.5	.76	4.5	1044	51	73
948	3.0	66.8	63.8	.57	6.5	1705	79	436
949	1.5	123.4	121.9	.67	3.5	834	46	80
954	2.1	100.0	97.9	1.04	3.9	291	19	71
955	2.7	91.1	88.4	.62	1.8	482	20	80
956	3.1	88.1	85.0	.29	1.1	641	26	68
957	4.6	118.6	114.0	.31	1.4	961	27	88
958	3.7	127.1	123.4	.49	1.0	93	21	55
959	2.1	108.8	106.7	.18	.9	702	287	106
960	18.3	185.6	167.3	.23	1.5	1221	260	389
961	3.1	133.2	130.1	.30	1.1	1066	26	96
962	3.1	117.3	114.2	.39	2.1	1695	19	97
963	3.1	115.5	112.4	.34	3.2	459	14	72
964	6.1	109.4	103.3	.35	2.2	495	18	80

The central part of the mineralized porphyry system comprises an intense quartz+sericite+pyrite or phyllic alteration zone adjacent to the intrusive. This zone has never been drilled but has been exposed in a limited fashion by five hand trenches. The eighty channel samples from these five trenches contained an average of 0.047 ounce gold per ton (1.60 grams per metric tonne.)

PHYLLIC ZONE TRENCH ASSAY COMPOSITES

TRENCH NUMBER	NUMBER OF SAMPLES	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
CE 4	14	.83	(not	analyzed	in	1989)
CE 5	10	.67	"	"	"	"
CE 6	10	.51	"	"	"	"
CE 7	11	.43	"	"	"	"
CE 14	35	2.85	50.5	1116	533	2620

The southeastern part of the mineralized porphyry system consists of the quartz+biotite+pyrite+chlorite or propylitically altered CE Zone. A total of two hundred and twenty five channel samples, from the six trenches on the zone, contained an average of .033 ounce gold per ton (1.14 grams per metric tonne), 1.02 ounce silver per ton (34.9 grams per metric tonne), 0.16 percent copper and 0.14 percent zinc.

PROPYLITIC ZONE TRENCH ASSAY COMPOSITES

TRENCH NUMBER	NUMBER OF SAMPLES	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
CE 1+(2,13)	118	.95	28.0	796	650	1749
CE 3	15	.64	(not	analyzed	in	1989)
CE 9	20	.83	38.8	3202	274	886
CE 10	8	1.17	70.3	4033	483	4749
CE 11+(8)	12	1.92	4.4	97	180	543
CE 12	52	1.66	50.6	2849	341	598

Three drill holes in the propylitic zone, 911, 918 and 919, contained an average of 0.021 ounce gold per ton (0.72 grams per metric tonne), 0.24 ounce silver per ton (8.3 grams per metric tonne), 0.06 percent copper and 0.52 percent zinc over a selected aggregate length of 321.1 metres.

CE DRILL HOLE ASSAY COMPOSITES

HOLE NO.	FROM m.	TO m.	LEN. m.	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
911	10.2	120.0	109.8 *	.60	9.4	607	420	4638
"	10.2	250.6	240.4**	.54	8.4	436	575	3212
918	193.7	296.0	102.3	.54	4.9	434	640	5617
"	83.0	296.0	213.0	.32	3.9	270	434	3570
919	209.8	318.8	109.0	1.02	10.4	638	1215	5288
"	104.1	318.8	214.7	.67	9.3	580	772	4201
"	16.4	318.8	302.4	.51	7.9	466	650	3365

Note: * total of 18.8 m not sampled - values assumed = zero
** total of 26.7 m not sampled - values assumed = zero

The entire three kilometre by one-half kilometre mineralized porphyry system constitutes a deposit of some 4,000,000 metric tonnes per vertical metre.

The area overlying the porphyry system has been geologically mapped, soil sampled and geophysically surveyed using magnetometer and VLF-EM. The company plans to perform an induced polarization survey followed by diamond drilling to test IP targets.

FURTHER INFORMATION CAN BE OBTAINED FROM THE FOLLOWING:

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