



INEL PROPERTY

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The 1984 exploration program on Skyline's 100% owned INEL property in the Iskut River area of northwestern B.C. took place over a period of three months and included core drilling, trenching, detailed sampling, geological mapping, and prospecting.

The drill program concentrated on the Discovery mineral zone which had previously been located by surface sampling and limited trenching which indicated significant gold, silver, zinc, copper and lead over narrow widths over a length of 750 feet. Twelve core holes drilled at (30 m) 100 foot intervals have shown the Discovery Zone to be considerably more extensive than indicated by the trenches. The 1984 work shows the presence of at least five easterly dipping complex sulfide zones within a 110 meter (350 feet) thick sequence comprising thin bedded sedimentary and volcanic rocks over the known length of more than 230 meters with a drilled down dip length of at least 150 meters.

	FOOTAGE		WIDTH FEET	ZINC %	SILVER Oz/Ton	GOLD Oz/Ton
	FROM	TO				
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
D-7	14.0	21.5	7.5	.94	2.82	.006
D-8	101.3	107.0	5.7	1.30	.31	.011
	131.0	135.0	4.0	1.23	.12	.035
	176.0	182.7	6.7	3.33	1.51	.94
	213.0	233.0	20.0	.60	.73	.054
D-9	70.4	87.5	17.1	1.48	.16	.007
	267.0	272.0	5.0	.45	.06	.145
D-10	110.5	111.5	1.0	31.60	.67	.128
	144.8	147.8	3.0	3.75	.67	.185
D-11	26.5	34.5	8.0	1.50	.32	.03
	131.5	134.0	2.5	8.96	.98	.198
	272.0	281.6	9.6	3.39	.48	.086
	292.0	294.0	2.0	7.64	.61	.090
D-12	86.2	89.7	3.5	9.69	1.67	.12
	96.7	102.0	5.3	1.57	.11	.055
	120.5	128.5	8.0	5.04	.17	.029
	156.0	159.3	3.3	6.29	.78	.158
	166.0	170.0	4.0	5.28	.72	.114

near the basalt/sediment contacts and within the sediments. In the Main Sulfide Zone the mineralization includes strata-bound sulfides, remobilized vein sulfides and disseminated gold in the massive injection breccia dikes.

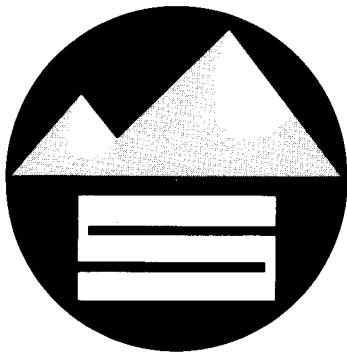
Anomalous stream silt and soil results from the 1983 program were followed up by detailed ground prospecting. As a result eight major new zinc, silver and gold bearing zones have been distinguished within the limits of the INEL claims. In addition to locating two new zinc rich areas south of the Main Sulfide Zone, three new gold and silver zones were discovered in the sedimentary rocks above the main mineralization. This Ridge Zone has now been partially explored over a length of 1000 meters giving results of up to several tens of ounces per ton silver and up to 3 ounces per ton gold. Prospecting at higher elevations above the Main Sulfide and Discovery zones has shown the occurrence of a large number of new veins containing extensive galena, sphalerite and arsenopyrite.

Preliminary sampling of the new Moonlight Zone veins southeast of the Main Sulfide Zone gave values as high as 0.390 ounces gold per ton, 0.44 ounces silver per ton, 6.56 per cent zinc, 0.18 per cent copper, and variable lead. Work on the new Zinc Nob prospect southwest of the Main Sulfide Zone gave results showing 0.63 per cent lead, 1.91 per cent zinc, 0.455 ounces silver per ton and 0.012 ounces gold per ton over a width of 23 feet. Selected samples from a 30 foot wide trench in the new superior Zone west of the main area gave assays of up to 0.15 per cent copper, 1.79 per cent lead, 8.43 per cent zinc, 1.77 ounces silver and 0.004 ounces gold per ton.

In two short seasons Skyline Explorations saturation prospecting/exploration has shown the extensive nature of the gold bearing and zinc rich sulfide strata-bound, vein-type and porphyry-like mineralization throughout the INEL property.

Of the ten major mineral areas on the property the Discovery Zone has now received the most work and shows the best potential for a large low grade zinc-gold-silver deposit. Future work should include extending the 1984 grid drilling of this zone to the north and east. The Winkie drilling proposed for the Main Sulfide Zone should be completed, and the new zones uncovered in 1984 require follow up by expanded prospecting, trenching, sampling and mapping. A program expected to cost about \$250,000 is proposed.

(April 12, 1985)



# Skyline Explorations Ltd.

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## Reg Project

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### **1984 PROGRAM EXPANDS MINERAL POTENTIAL**

Skyline Explorations Ltd. has successfully completed the 1984 field season on the 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 \$147,000,000 Cdn (based on \$300 per oz. U.S.) has been determined for the REG property. This is an exceptional resource and will be evaluated in 1985 for economic feasibility.

### **UNDERGROUND DEVELOPMENT OF MAJOR GOLD DEPOSIT**

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 gold/ton. This large deposit is paramount to the development of the REG claims and includes a significant 102,100 tons which average a high 0.718 ounces gold/ton that are drill-indicated.

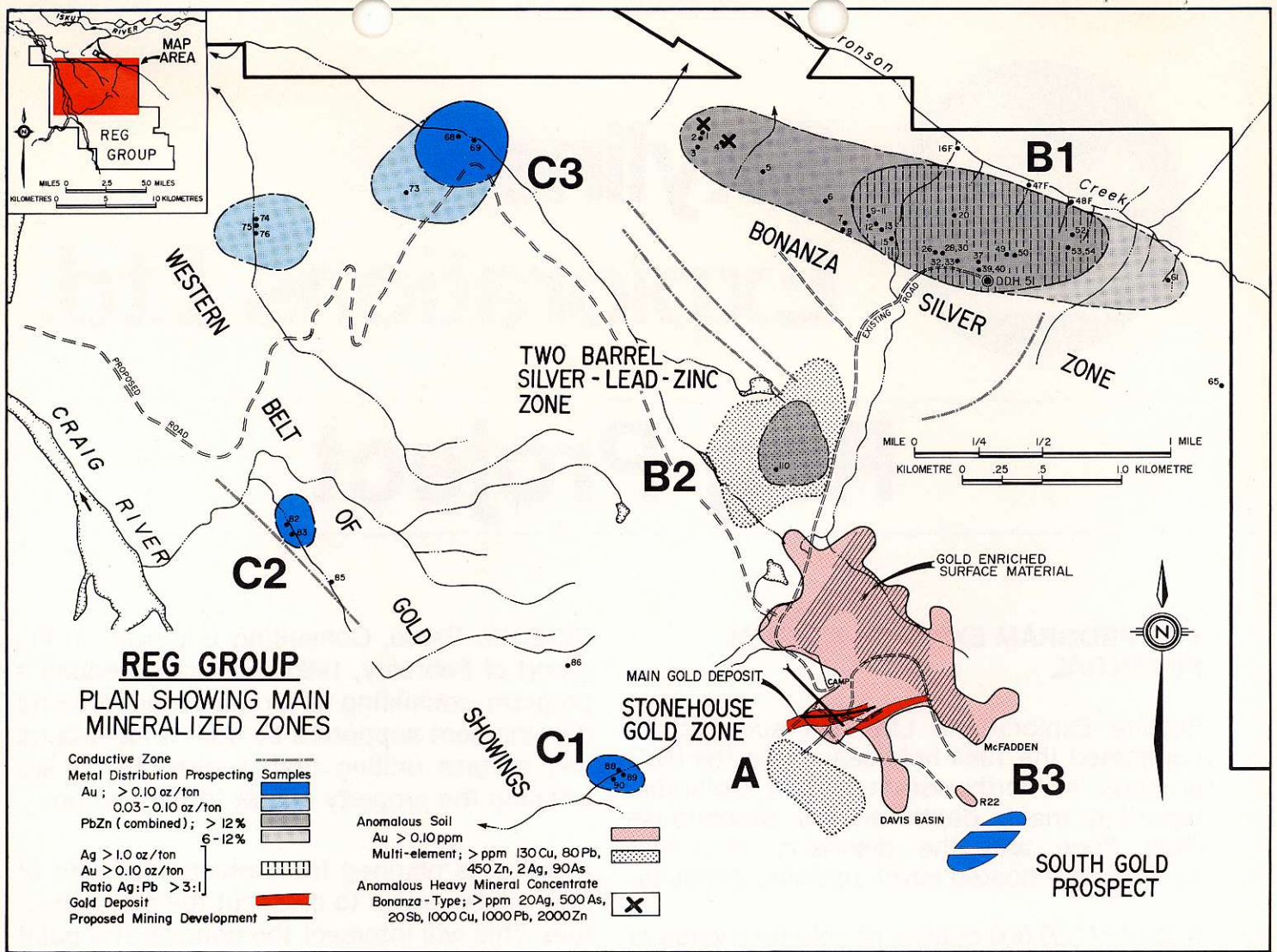
The McFadden Section provides an additional and exceptional resource having 2.8 ounces gold/ton in an estimated 30,000 tons of broken surface material. This gives 84,000 ounces of gold to be developed by low cost surface methods.

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 1500 feet of adit will be driven to crosscut the main structure. This will intersect the deposit at a point 350 feet below surface which will give optimum extraction benefits. An additional 1500 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 5 overlapping mineral lenses in a length of 1150 feet and width of 460 feet. These are explored to a drilled depth of 525 feet and show the average widths 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.



Results of outcrop sampling of the main areas of the REG Group include the following assays:

Location	Lead %	Zinc %	Silver oz/ton	Gold oz/ton	Location	Lead %	Zinc %	Silver oz/ton	Gold oz/ton
MAP AREA B1					MAP AREA B2				
2	20.6	10.1	10.77	.024	110	5.0	9.7	5.36	.009
5	.6	6.1	1.11	.014	MAP AREA C1				
8	1.8	7.0	2.94	.005	88	1.8	.7	2.29	.729
10	24.8	23.7	20.38	.007	89	.3	1.0	1.17	.344
12	1.0	9.1	12.71	.236	90	2.8	1.6	1.46	.979
20	.1	7.2	.50	.038	MAP AREA C2				
30	1.4	9.7	4.58	.057	83	.7	.3	1.46	.140
39	—	.8	405.40	2.884	MAP AREA C3				
49	.1	.1	3.85	.098	68	—	—	.26	.093
53	.5	.7	35.02	.108	69	—	—	.52	.167
61	1.8	4.9	1.99	.034	75	2.5	1.9	1.46	.036

### STONEHOUSE ZONE (MAP AREA A)

The 1984 drilling program adds substantial depth to the No. 16 mineral lens of the Stonehouse Zone and exploration results include the following intersections. The gold zone remains open both to depth and to strike extensions.

Hole No.	Interval feet	Length feet	Copper %	Silver oz/ton	Gold oz/ton
84 - 52	382-395	8	.10	.54	.781
	448-463	15	.58	1.33	.595
84 - 53	477-487	10	.04	.32	1.229
	482-487	5	.04	.49	2.360
84-54	411.5-419.5	8	.38	.30	.352

### BONANZA ZONE (MAP AREA B1)

In 1984 an access road was built into the Bonanza area of showings. Prospecting and sampling of these occurrences has shown a region of silver enrichment that extends nearly 2 miles and that is contained within a stratigraphic thickness of about 500 feet.

Showings in this region give assays which are extremely high in silver relative to base metal concentrations and can produce exceedingly rich ore pockets. For example:

Location	Lead %	Zinc %	Silver oz/ton	Gold oz/ton
12	1.0	9.1	12.71	.236
39	—	.8	405.40	2.884
53	.5	.7	35.02	.108

The Bonanza together with the Two Barrel zone is inferred to be part of a larger folded structure that exhibits varying values of zinc, lead, silver, gold and copper over an area of about 3 miles by 2 miles.

Estimates suggest this area could contain tens of millions of tons of silver rich lead-zinc ore, or possibly in excess of a hundred million tons of lower grade material that is mineable in part by open pit.

### WESTERN BELT (MAP AREAS C1, C2, C3)

Stream silt and heavy mineral sampling and follow-up prospecting have located new gold mineralization in AREA C1 that gives assays to 1.0 ounces gold/ton from quartz veins in sediments and in AREA C2 that gives assays of 0.1 ounces gold/ton associated with a prominently sheared contact zone. AREA C3 carries assays of about 0.1 ounces gold/ton in a region of pronounced iron enrichment.

### SOUTH GOLD FLORESPECT (MAP AREA B3)

Sampling of the McFadden area of sulfide float shows a measurable reserve estimated to contain 30,000 tons of broken sulfide material. Assays of this material average 2.80 ounces gold/ton to give an inventory of 84,000 ounces of gold.

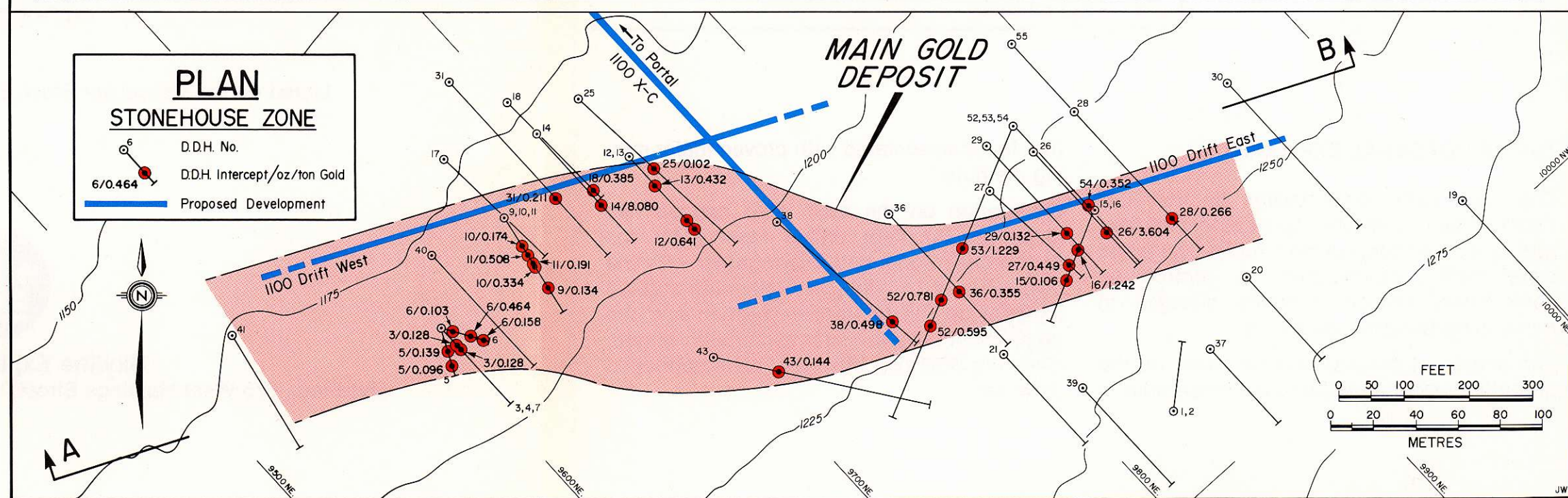
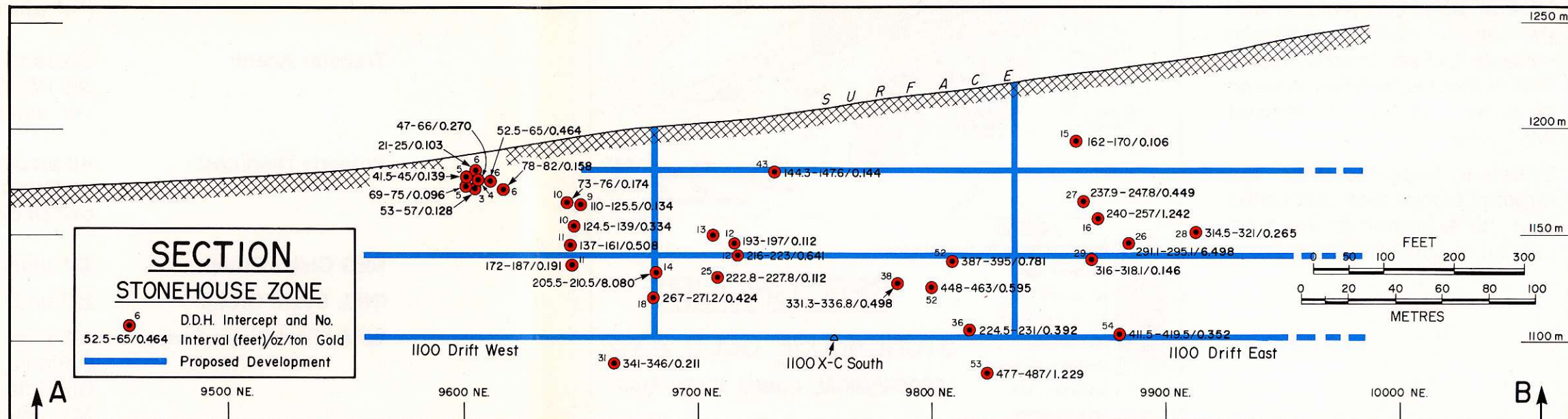
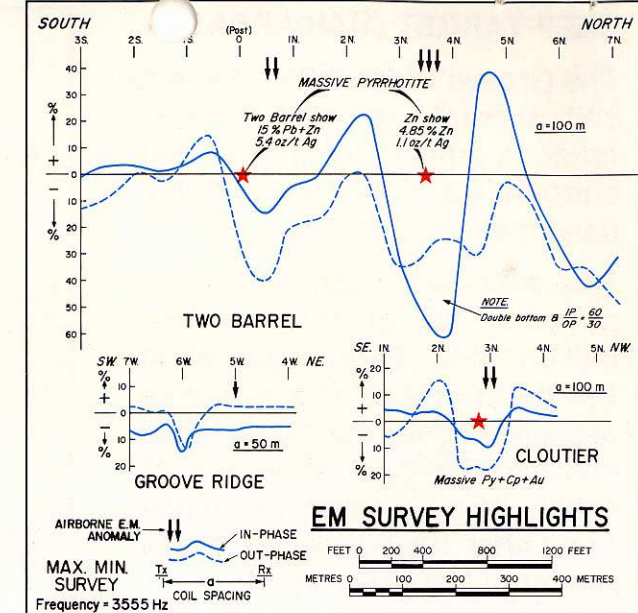
A second resource outlined by surface exploration includes an eluvial blanket of gold bearing material that extends downslope from the main structure. Preliminary work shows an area of 64 acres of this material having a minimum depth of 3 to 6 feet and averaging 1.5 parts per million gold in the tested - 80 fraction.

The source of all this material is now believed to occur some 1000 feet to 1500 feet upslope near the major contact between volcanic and sedimentary rocks.

### TWO BARREL ZONE (MAP AREA B2)

Bulldozer investigation of coincident geochemical/geophysical anomalies has uncovered a sedimentary hosted silver-lead-zinc deposit of major potential. This new zone has been traced for more than 500 feet in one area and up to 170 feet in another.

Of particular interest are eight strongly conductive zones located by airborne EM survey whose lengths are a mile and more. Initial testing of two of these showed direct association with base metal mineralization. Ground surveys on two others showed a coincidence with high multi-element soil anomalies. All of which points to the region having exceptional exploration promise.



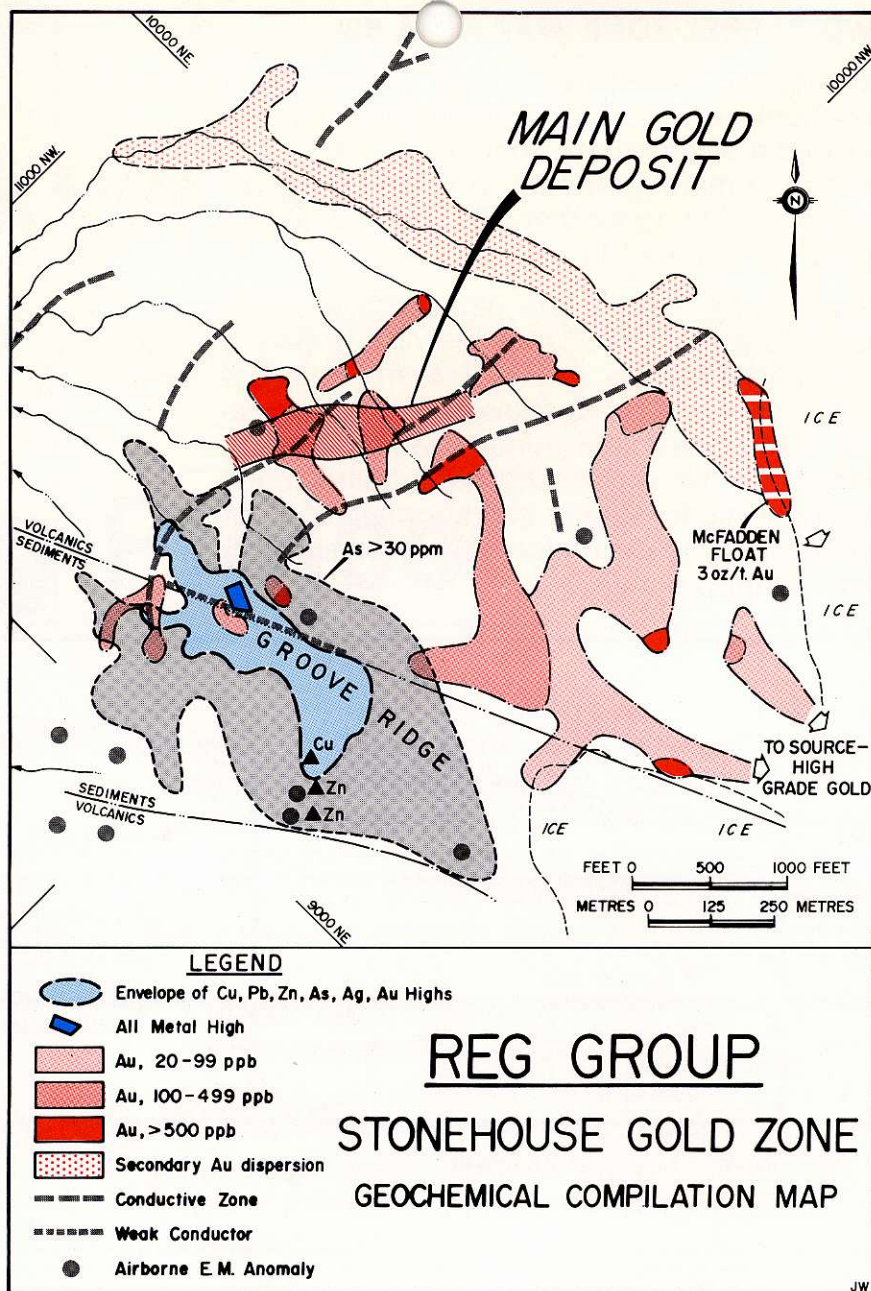
## DEEP TARGET (MAP AREA)

The Groove Ridge multi-element soil anomaly is interpreted to reflect a primary metal halo that surrounds a possibly significant base metal deposit.

This zone is thought to have a potential for at least several million tons. Float material at the north end of this structure assayed 40% combined lead and zinc, 5.9 oz/ton silver and .07 oz/ton gold in massive sulfide ore. Other float assayed 4.42% zinc and .350 oz/ton gold.

Mineralization is coincident with the major contact between volcanic and sedimentary rocks. This contact is believed to be an important control to mineral deposition.

Evidence suggests that the targeted area is also associated with the extension of the main deposit of the Stonehouse Zone.



## MAJOR POTENTIAL EXPLORED

The main gold concentration on the REG claim group is controlled by an extensive fracture system cutting volcanic rocks. The major base metal accumulation is centred on sedimentary hosted deposits situated in rocks underlying the volcanics.

The degree of mineral concentration on the property is exceptional and is comparable to

that found associated with proven major mining districts.

Exploration on the main gold deposit has given an excellent drilled reserve for the Stonehouse Zone, and this together with the possibility of recoverable high-grade surface material on the McFadden Section and the prospect of several major exploration targets gives the REG property significant economic potential.

**SKYLINE EXPLORATIONS LTD. — incorporated 1968**

**GENERAL INFORMATION**

**Board of Directors:** R. E. Davis, President  
J. A. Davis, Secretary  
P. H. Sevensma, Ph.D., Director  
R. G. Gifford, P.Eng., Director

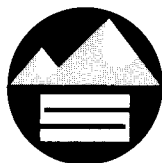
**Treasury:** 10,000,000 shares authorized  
\*3,488,643 shares issued  
(\*of which 469,770 held in escrow)

**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** 421 units (26,291 acres)  
**INEL Claim Group** 209 units (12,749 acres)  
**WARATAH Claim Group** 192 units (11,712 acres)  
Option agreement on the Waratah Group with  
Gulf International Minerals. Gulf can earn a  
50% interest by spending \$500,000 on  
exploration by 1987.

Listed on the Vancouver Stock Exchange: Trading Symbol — SKX



**Skyline Explorations Ltd.**

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