

HISTORY AND PREVIOUS WORK

Although the Stikine River served as the access route to the placer deposits of the Cassiar area which were discovered in 1873, there is no record of any prospecting activity in the lower Iskut River area until 1907. In that year, F.E. Bronson and Associates of Wrangell, Alaska staked nine claims on the lower reaches of Bronson Creek, to the north of Johnny Mountain. The Iskut Mining Company was incorporated in 1910, and in 1911 it undertook a program of trenching and drifting on the Iskoot and Red Bluff claims. A report from that program states that a ton of ore from one cut yielded \$1.20 in gold, 44.2 ounces of silver and 12.45% of copper.

The Iskut Mining Company's claims were subsequently crown granted in 1914 and 1915 and by 1920, numerous trenches had been dug on these claims, along with a 30 foot adit. The latter revealed a number of veins and stringers hosting galena and gold-silver mineralization.

Little work was done in the area until 1954 when Hudson's Bay Mining and Smelting located the Pickaxe showing, and found high grade gold-silver-lead-zinc float on the upper slopes of Johnny Mountain. After performing exploration work on them in the mid-1950's, Hudson's Bay Mining and Smelting allowed these claims to lapse. These showings are now part of Skyline Exploration's Reg property.

During the 1960's, several major mining companies conducted airborne geophysical surveys in the region, on a reconnaissance basis, for potential porphyry copper-molybdenum deposits. Several new claims were staked on Johnny Mountain and along Sulphurets Creek in that period, while Kennco and Noranda investigated the original showings on Johnny Mountain. The original crown grants and

surrounding claims were explored by a consortium of Cominco, Copper Soo Mining Ltd., and Tuksi Mining and Development Ltd. in 1965. Approximately 555m (1,800 ft) of diamond drilling in 10 holes was completed by this group.

Numerous mining companies conducted exploration work elsewhere in the Iskut River area in the 1960's and 1970's. Among these were Iskut Silver Mines, which conducted programs involving geological and geochemical surveys, trenching and packsack drilling on a property located north of the Iskut River and between the Twin and Verrett Rivers.

Between 1962 and 1972 Newmont Mining Corporation of Canada Ltd. investigated several copper-bearing skarn zones northwest of Newmont Lake. They also conducted exploration programs involving geological mapping, geophysics and limited diamond drilling on several prospects in an area near the headwaters of Forrest Kerr Creek.

In 1965, Silver Standard Mines commenced work on the E & L prospect, a nickel-copper deposit on Nickel Mountain near the headwaters of Snippaker Creek. This prospect was later optioned by Sumitomo Metal Mining, and by the end of 1971, 1,500 feet of underground work had been completed in addition to intensive trenching, and surface and underground drilling programs.

In 1969, Skyline Explorations Ltd. restaked the Inel property, after having discovered massive sulfide float originating from the head of Bronson Glacier. In 1974, Texas Gulf Inc. investigated the porphyry copper potential of Johnny Mountain.

The Reg property was restaked by Skyline in 1980, and in 1981, a program of trenching and limited diamond drilling was carried out on this property. The Reg property

was optioned to Placer Developments Ltd. in 1982, which formed a joint venture program with Anaconda Canada Ltd. to carry out various surveys in addition to trenching and diamond drilling in 1983. Exploration was continued on the property by Anaconda in 1984, after which season it reverted to Skyline Explorations Ltd.

In 1980 DuPont staked the Bach and Bax claims as a result of a 10 kg anomalous Au stream sediment sample of 1,350 ppb (-100 mesh) from a tributary of the Verrett River. A limited follow-up silt sampling program encountered some anomalous gold values but subsequently no further work was done.

The Bax claims of Dupont of Canada Exploration Ltd. included some of the ground that is now within the Joy 2 claim of Brenwest Mining Ltd. Anomalous gold values were obtained from samples of sulphide-bearing quartz veins and shear zones in andesitic volcanics in several locations on the Joy 2 claim during their 1987 exploration program. A grab sample from one pyrite and chalcopryrite bearing shear zone yielded an assay value of 190.0 g/tonne gold (5.542 oz gold/ton), and geochemical values of 226.3 ppm silver (6.6 oz silver/ton), and over 0.5% copper (King, 1987).

DuPont of Canada Explorations Ltd. staked the McLymont property (formerly Warrior claims), located approximately two kilometers to the northeast of the subject property, on the basis of a regional stream sediment survey in 1980. A two day program of geochemical sampling was completed by Dupont that year, along with a minor geological examination. A number of geophysical and geochemical targets plus gold-silver bearing quartz veins were discovered (Kowalchuk, 1982).

Gulf International Minerals Ltd. acquired the major part of the McLymont claims and conducted a diamond drill program during 1987. Previous drilling results gave values averaging 0.164 Au oz/ton (5.6 g/tonne) over 4.3 feet (1.31 m) for three holes (Yeager and Ikona, 1987). During the 1987 drilling program Gulf International intersected new high-grade gold mineralization in their Northwest Zone including 1.605 oz/t gold over 36.5 feet (GIM, 1988). Gulf also discovered lateral extensions of the central Camp Zone and recorded drill core assay values of up to 0.528 oz/t gold over a length of 23.3 feet.

During 1987, Skyline Explorations Ltd. completed 13,665 meters of diamond drilling, 226m of underground raise development and 551.4 m of drifting on the Stonehouse Gold Zone. This work confirmed the presence of high grade gold mineralization in addition to silver and copper with good lateral and depth continuity over mineable widths. Limited mining has recently commenced in the No. 2 raise of the Johnny Mountain mine. Weighted average values of 63 samples collected from the east half of the 11-16C stope imply that the stope contains 8.35 ounces of gold per ton across an average thickness of 2.0 feet (Stockwatch June 9, 1988). The proven reserves to date are 1,087,875 tons grading 0.704 oz/t Au, 1+ oz/t Ag, and 1% Cu (Grove, 1988). The inferred reserves are 1,100,000 tons at a similar grade (Stockwatch June 14, 1988). Further development work was carried out on their airstrip in 1987, which was extended to 1700 m, and on a mill site as Skyline prepares to bring the Reg Deposit into full production.

The success of Skyline's program has provided the impetus for an extremely active mining exploration scene in the Iskut River area over the past few years. In 1987, companies such as Western Canadian Mining Corporation, Gulf International Minerals Ltd., Tungco Resources, and Newhawk

Gold Mines among others, carried out extensive drilling programs in the area.

Delaware Resources Corporation, in joint venture with Cominco Exploration Ltd., conducted a 13,857m drilling program on the SNIP Property near Bronson Creek, and announced plans to go into production in 1988. Recent assay results from 213 feet of drifting the Twin Zone returned an arithmetic (uncut, length weighted) average of 1.1 ounces of gold over an average true thickness of 7.2 feet. Drifting to the east and west in the Twin Zone by June 1988 totalled approximately 330 feet (Northern Miner, June 13, 1988). The calculated reserves in the Twin Zone of this deposit are 1.1 M metric tonnes @ 24.0 g/t gold or 1.2 M short tons @ 0.7 oz Au/t (Wolfe and Nichols, 1988).

Recent exploration has located significant new gold showings approximately 300 metres northwest of the Twin Zone within Skyline's Red Bluff and Red Bird crown granted claims. There a fault zone cutting a copper/gold porphyritic intrusion yielded values of 0.1 to 0.25 oz/t gold across a 0.3m to 0.8m interval. In addition to this a 5m section of poorly exposed pyritic intrusion has recorded values of up to 0.9 oz/t gold across an exposed thickness of 1m. Other exploration targets occur to the south of the Delaware SNIP property including the Road showing which grades 8.5 oz/t gold across 0.3m and an exposed strike length of 4m. The trend of this shear zone is similar to those already defined in the SNIP deposit (Stockwatch, June 15, 1988).

REGIONAL GEOLOGY AND MINERALIZATION

The subject property lies within the western most part of the Intermontane Tectonic Belt, close to its