

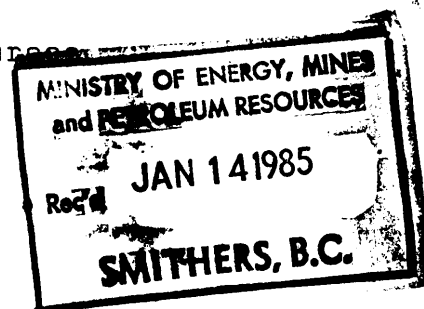
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E. W. Grove Consultants Ltd.

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January 4, 1985

Mr. T. Schroeter, District Geologist
Min. of Energy, Mines & Petroleum Resources
Bag 5000
Smithers, B.C.
VOJ 2N0



Dear Tom:

Mr. R.E. Davis of Skyline Explorations Ltd. has requested that I forward to you the enclosed information report which summarizes the results of the 1984 exploration program on the REG and INEL properties in response to your request for information which could be included in the 1984 B.C. Mineral Exploration Review.

Yours truly,


Edward W. Grove, Ph.D., P.Eng.

cc. Mr. R.E. Davis, President
SKYLINE EXPLORATIONS LTD.

SKYLINE EXPLORATIONS LTD.

EXPANDS MINERAL POTENTIAL OF THE ISKUT RIVER AREA WITH NEW GOLD AND BASE METAL DISCOVERIES

Skyline Explorations Ltd. has successfully completed the 1984 field season on the REG and INEL properties in the Iskut River area of northwestern British Columbia reporting major depth extensions on the REG Gold Zone and the discovery of major new sedimentary hosted zinc, silver, lead, copper and gold deposits.

Both properties lie within the northwestern portion of the mineral rich Stewart District noted mainly for the fabulous Silbak Premier gold-silver mine, other silver and molybdenum mines at Alice Arm, and the major copper-silver Granduc deposit. Skyline's basic exploration work in the Iskut River area since 1980 has led to blanket-staking and extensive exploration of the area by both major and junior companies, and provides firm proof of the large gold, silver, and base metal potential of the area.

Although modern exploration logistics utilize mainly fixed wing and expensive helicopter transport, Skyline Explorations has revived the use of river boats and barges. In 1983 Skyline transported fuel, supplies and equipment from Wrangell, Alaska on the coast, up the Stikine and Iskut rivers to Johnson Landing only 20 miles down river from the REG property. Future development of the REG and INEL properties will involve the efficient river route and a new road, a proposed nearby airstrip along the Iskut River and a winter strip already constructed on Johnny Flats near the main REG camp.

REG Property

This season's work on the large REG property by the Anaconda/Skyline joint venture included study of only a few of the 392 geophysical anomalies outlined by the Dighem airborne survey flown in 1983. Investigation of several of the coincident major geophysical and large geochemical anomalies led to the discovery of the new sedimentary hosted zinc, copper, lead, silver, gold Bonanza Zone above Bronson Creek. Prospecting and geological sampling have shown that the new Bonanza type mineralization extends over a length of 3 kilometers and within a stratigraphic thickness of at least 150 meters. Surface sampling and trenching on the original Bonanza mineralization assayed up to 14% copper, 405.4 oz/ton silver, and 2.88 oz/ton gold, while an average of subsequent samples assayed 9.6% zinc, 9.6% lead, 8.8 oz/ton silver and up to 0.38 oz/ton gold. Drill hole 84-51 intersected this new zone about 130 meters (425 feet) down dip assaying about 0.78% copper, 0.55% lead, 3.53 % zinc, 3.3 oz/ton silver, and 0.05 oz/ton gold across 6 meters (20 feet) showing the extensive continuous nature of this mineralization.

In addition to this new Bonanza Zone, Skyline's investigation of another broad coincident geochemical/geophysical anomaly only 1400 meters north of the camp and main Gold Zone uncovered another major sedimentary hosted flat-lying apparently stratabound deposit. This new massive sulfide zone has been uncovered for more than 150 meters (500 feet) in one area, and up to 52 meters (170 feet) some 140 meters (450 feet) to the northeast. Preliminary sampling of this new Zinc Zone gave assay results up to 8.66% zinc, 5.12% lead, and 4.82 oz/ton silver with minor copper and gold.

Discovery of the new Bonanza and Zinc zones as well as the widespread occurrence of similar prospects and geophysical/geochemical anomalies in an area of about 3 kilometers by 5 kilometers highlights Skyline's opportunity to develop commercial base metal silver-gold deposits in the Iskut River area.

Exploration and development of new and known gold mineralization continued to be the focus of the Anaconda/Skyline 1984 program on the REG property. Stream silt and heavy mineral sampling has located new gold mineralization northwest of camp and the main Gold Zone which so far appears to have a length of about one kilometer with several assays of over 1 oz/ton gold over several feet.

A major sulfide rich zone up to 762 meters (2,500 feet) wide recently located near the north boundary of the REG property also shows significant gold values. These two zones also marked by anomalies again confirm the further potential for gold mineralization on this exciting property.

Work on the main Gold Zone was also continued during 1984. Core holes 84-52, 84-53, and 84-54 drilled by Skyline at the end of the season below high grade holes 82-16, 83-26, 83-27, 83-36 and 83-37 have shown that the Cloutier and R-16 mineralization extends at least 160 meters (525 feet) below surface outcrops and can be inferred to extend to at least 200 meters. Results from the new drilling follow:

Hole	Sample No.	From Feet	To Feet	Interval Feet	Copper %	Zinc %	Silver oz/st	Gold oz/st
<u>84-52</u>	Average	379.0	398.0	19.0	.42	.55	.66	.351
	Average	448.0	463.0	15.0	.58	.08	1.33	.595
<u>84-53</u>	Average	449.0	459.0	10.0	2.73	.07	.82	.037
	Average	468.0	487.0	19.0	.02	.22	.20	.657
<u>84-54</u>	Average	411.5	419.5	8.0	.38	.10	.30	.352

Surface prospecting, new trenching, mapping and core drilling have now shown that the overall Gold Zone has a length of at least 1200 meters (3,937 feet), a width of at least 400 meters (1,312 feet) and a minimum depth of at least 200 meters (656 feet) within which only the Cloutier/R-16 portion has so far been explored in any detail. In addition to the gold values this major deposit carries significant values in silver, copper, zinc and lead. Further development of this Gold Zone will entail underground development with extensive core drilling and bulk sampling.

INEL Property

Skyline Explorations Ltd.'s work in 1984 on the 100% owned INEL property included 10 core drill holes in the Main Sulfide Zone and 12 holes in the Discovery Zone totalling 1631 meters (5,350 feet), 281 meters (922 feet) of rock trenching, detailed prospecting, and detailed geological mapping and sampling.

Discovery Zone drill results have revealed far more extensive mineralization than had been indicated by the old surface trenches which previously indicated narrow gold bearing (up to 1 oz/ton gold) sulfide lenses over a length of about 230 meters (750 feet) within sedimentary rocks. 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

These drill results show the extensive nature of the zinc, silver, gold mineralization in the Discovery Zone. Preliminary evaluation suggests a number of planar stratabound zinc rich horizons cut by younger gold bearing veins possibly related to Main Sulfide Zone gold mineralization.

Further detailed prospecting and sampling have confirmed the overall strong metal zoning predicted by 1983 work. 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. These new gold horizons as well as the zinc rich Discovery Zone will be delineated by trenching and core drilling.

PRELIMINARY

MINERAL POTENTIAL OF SKYLINE EXPLORATIONS LTD.

STONEHOUSE GOLD ZONE

JOHNNY MOUNTAIN, ISKUT RIVER AREA

SUMMARY - MINERAL RESERVES - STONEHOUSE GOLD ZONE - 1985

Status	ounces/Ton		P e r C e n t			Tons
	Au	Ag	Cu	Pb	Zn	
Measured	3.106	1.12	2.00 [#]	*	*	19,352
Cloutier Drill Indicated	0.665	0.76	1.20	*	*	82,140
'16' Drill Indicated	0.778	1.61	0.36	*	*	76,990
Pickaxe Drill Indicated	0.158	0.33	1.05	*	*	5,100
Cloutier Inferred	0.50	1.00	1.00	*	*	262,000
'16' Inferred	0.50	1.00	0.30	*	*	200,000
R-16/R-20 Inferred	0.60	0.30	0.50	*	*	100,000

incomplete assays * significant values but assays incomplete

TOTAL - Measured + Drill Indicated + Drill Inferred

745,582 tons @ 0.625 ounces/st Au
 @ 0.94 ounces/st Ag
 and about 0.73% Cu, + significant Zn & Pb

Geological Potential Mineral Reserves

3,300,000 tons @ 0.30 ounces/st Au
 @ 0.50 ounces/st Ag
 + Cu, Zn, Pb

October 28, 1985

REG PROPERTY - STONEHOUSE GOLD DEPOSIT

The REG property, owned 100% by Skyline Explorations Ltd., is located on the south side of the Iskut River at Johnny Mountain, in northwestern British Columbia. The property can be accessed from a number of centers, including Wrangell, Alaska, about 50 miles to the west on the coast. The Stonehouse Gold Deposit which represents a major new mineral discovery lies at the northwest corner of the Stewart Complex, a geologic terrain noted for major gold, silver, copper, and molybdenum producers.

The REG property covers about 26,000 acres and now includes five separate major zones of gold-copper-silver and lead-zinc-copper-silver-gold mineralization. The Stonehouse Gold Deposit has been explored by surface trenching, core drilling and underground development which has delineated mineral reserves of about 938,500 tons grading 0.730 opt Au, 0.85 opt Ag, and 0.76 per cent Cu, plus minor Pb and Zn. The estimated geological mineral potential of this deposit is currently 4 million tons grading 0.500 opt Au (+Ag), and 0.75 per cent Cu.

Auriferous, copper rich massive pyrite lenses forming only a minor part of the Stonehouse Gold Deposit were first found by prospectors in 1956. In 1982 Skyline Explorations Ltd.'s second core drilling program intersected high grade gold-sulfide mineralization in the Discovery and '16' vein zones which now form a major portion of the 1986 mineral reserves. Subsequently, a number of en echelon auriferous sulfide rich veins have been developed over a strike length of 4,750 feet to a drilled depth of 650 feet below surface. Underground development initiated in 1986 has shown that the veins are continuous, and detailed panel sampling has shown that the grades are significantly higher than indicated by the core drilling. This underground work has confirmed the porphyry-like nature of, and shown the high grade gold content of material previously thought to represent only low grade alteration envelopes.

Country rocks hosting the Stonehouse Gold Deposit comprise a deformed thick sequence of early Lower Jurassic (Triassic?) clastic, and volcanic rocks trending ENE and dipping steeply north. These are overlain unconformably by a thick sequence of gently dipping Late Jurassic to early Middle Jurassic volcanoclastic and volcanic strata to the south and east.

Early K feldspar alteration of the mixed host country rock sequence produced an extensive, irregular porphyry-like body in which veins, lenses and pods of pyrite and chalcopyrite form 3 to 5 per cent of the mass. Several episodes of quartz and carbonate veins and veinlets have also cut the porphyry forming weak stockworks.

The porphyry and country rocks show abundant evidence of periodic cataclastic deformation prior to late major E-W fracturing which formed channels for further K feldspar alteration and subsequent sulfide rich material which formed the various Discovery, '16', and Gold Rush vein systems. These extensive veins include 40 to 60 per cent pyrite, abundant chalcopyrite, some galena and sphalerite, as well as a variety of other sulfides, sulfosalts and rarer tellurides. Microcline and quartz along with calcite, ankerite, biotite and sericite form the bulk of the vein gangue component.

Visible native gold is common in all these veins and forms the main economic mineral.

Structural evidence, extensive K feldspar metasomatism and mineralogy suggest that the Stonehouse Gold Deposit represents a relatively high temperature type of staged mineralization related to early Lower Jurassic syenitic plutonism.