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NO. 9 (1995)
JANUARY 13, 1995

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INTERNATIONAL SKYLINE GOLD CORP.

[ISC-V] 17,786,541 SHS.

BRONSON SLOPE DRILLING UPDATE - Clifford A. Grandison,
president, International

Skyline Gold Corp., has reported the results of drilling on its Bronson Slope gold/ copper porphyry 80 km north of Stewart, B.C. improved the economic potential of the deposit. Nine holes were drilled in 1994. Two holes totalling 2,000 feet were drilled in the fall. They resulted in an increase in gold, copper and silver values. The 100,000,000 tonne deposit is now projected to contain: 1) 2,360,000 ounces of gold of 0.021 oz/ton compared to a previous estimate of 2,000,000 ounces of gold of 0.019 oz/ton; 2) 334,000,000 pounds of copper at 0.15% compared to 312,000,000 pounds of copper at a grade of 0.14%; 3) 15,227,000 ounces of silver at 0.131 oz/ton compared to 11,519,000 ounces at 0.103 oz/ton.

The resources also contains a significant amount of molybdenum. The previous estimate of 22,290,000 pounds with an average grade of 0.01% was reduced to 16,000,000 pounds of molybdenum at a grade of 0.007% as a result of the recent recalculation of the resource. The deposit also has an additional 122 million-tonne low grade resource component estimated to contain 1,024,000 ounces of gold, 263,000,000 pounds of copper,

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6,262,000 ounces of silver and 31,042,000 pounds of molybdenum. This low grade material has the potential for being upgraded.

The company has initiated several studies which will be incorporated in a pre-feasibility study. Skyline's technical staff is analyzing the geological data and is preparing a geological model. The company has designed a high grade 20,000,000-tonne starter pit which is being optimized using more sophisticated computer programs. The preliminary high grade pit averages 0.022 oz. gold/ton, 0.25% copper and 0.09 oz. silver/ton. Molybdenum was not included as no recovery data was available. Further drilling in the 1995 spring is planned to delineate a pit design. Skyline has also had a consulting mining engineering deliver a report on various mining options. The most economic and attractive option includes twin in-pit ore passes combined with an underground crusher and conveyor transport of ore to the mill and waste rock to a waste rock dump. Mining costs are forecast to be as low as 81¢ per tonne. An electrical supply study is also underway and is being prepared by Brazier-Vera Associates. This report will compare the options of using a diesel generator, a transmission line to the Tyee Power Station in Alaska, 42 miles away, and a run of river penstock generator located on nearby water courses.

Skyline has also begun metallurgical studies on recently drilled core. Process Research Associates of Vancouver will prepare various reports including reports on metal recovery, hardness of ore, reagent consumption and acid generating potential. Rescan Engineering Ltd. is preparing a report on the mill processing facilities and their capital and operating costs as part of the preliminary feasibility study. The company has already received preliminary batch flotation test results from Melis Engineering Ltd. Bulk recoveries averaged 86% copper, 79% gold and 70% silver from two tests of low grade composited drill core. Molybdenum, which was not tested by Melis, will be tested in the study being conducted by Process Research Associates.

All the above reports are scheduled for completion in February. Skyline plans to resume drilling as soon as weather permits. Initial drilling targets will be selected to better define the high grade silver pit to increase the resource at depth and to assist in detailed mine planning. The Bronson porphyry deposit has been subjected to an economic evaluation using standard cash flow analysis which indicates the property has the potential to become a low cost producer with a fast payback and a high return. A preliminary feasibility study is scheduled to begin on completion of the spring drilling program. (SEE GCNL NO.202, Oct.21/94, P.3 FOR PREVIOUS PROJECT INFORMATION)

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