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**INTERNATIONAL SKYLINE GOLD CORP.**

[SK-V, T] 29,192,658 SHS.

**BRONSON SLOPE RESOURCE** - Cliff Grandison, president, reports  
**ESTIMATE COMPLETED**

International Skyline Gold Corp.  
has completed a preliminary  
mineable resource estimate for its Bronson Slope gold, copper  
project located about 150 km north of Stewart, northwestern BC.

The deposit is estimated to contain a mineable resource of  
76,000,000 tonnes containing 1,100,000 ounces of gold with an

average grade of 0.44 grams gold/tonne, 0.162% copper, 2.747 grams silver/tonne and 0.007% molybdenum, which could be mined in three stages over 14 years beginning with a low strip ratio, high grade starter pit, a second stage high grade main zone and a lower grade eastern pit. The mineable resource estimate is based on 77 holes totalling 14,800 metres of drilling.

The 22,000,000 tonne high grade starter pit with an estimated grade of 0.504 grams gold/tonne, 0.207% copper, 2.953 grams silver/tonne and 0.005% molybdenum will result in an accelerated cash flow and relatively quick pay back of invested capital.

Skyline is in the process of producing a feasibility study based on this resource estimate. The feasibility study, which was delayed due to a complete review of the drill results, assay information and reconstruction of the geological block model, will be completed as soon as possible. The above estimate of the mineable resource will be revised using computerized optimization techniques for mine planning and reserve definition. It is expected this review will lead to an increase in mineable tonnes, and improved strip ratios and costs.

For evaluation purposes Skyline prepared several cases using different price scenarios assuming a 15,000 tonnes per day plant, a capital cost estimate of \$150,000,000 plus working capital; a milling and general administration cost of \$3.34/tonne, a mining cost of 81¢/tonne of ore and a mining cost of 91¢/tonne of low grade and waste, and a strip ratio of waste to ore of 0.73 to 1.

The Bronson Slope mine may become one of the lowest cost producers in the industry because of the use of a low cost in-pit crusher and conveyer instead of the traditional truck and shovel combination and a run of river hydro generating facility to produce its own low cost hydro electricity. The expected cost of company produced power is \$0.008 per kilowatt-hour compared to the normal commercial rate charged for power of \$0.036 per kilowatt-hour. Since hydro electricity is one of the largest operating costs of a mine, a low cost long term supply of cheap power will allow Skyline to remain competitive throughout the mine life.

The mill is planned to produce about 36,000 tonnes per year of a gold and silver rich copper concentrate and separate molybdenum concentrate. Recoveries are expected to be 88% for copper, 86% for gold, 74% for silver and 50% for molybdenum. The plant is also designed to recover a high quality magnetite concentrate for sale to the coal and steel industries, although markets and prices have not yet been established for this product.

Based on the above assumptions and using US \$350 per ounce of gold, US \$1.00 per pound of copper, US \$5.25 per ounce of silver and US \$4.00 per pound of molybdenum the project is expected to have a 4.3 year payback and a 17.6% pre tax I.R.R. Gold is expected to be produced at a cash cost of US \$94.07 per ounce net of copper, silver and molybdenum credits.

Over a 14 year mine life, the project is expected to produce an annual average of 66,000 ounces of gold; 17,000,000 pounds of copper, 350,000 ounces of silver and 400,000 pounds of molybdenum. Gold production from the high grade starter pit will average 80,000 ounces per year over the first four years of operation.

Skyline has completed preliminary engineering design and operating parameters based on information provided by consultants. Using this information, Skyline believes it is possible to develop the property into an attractive and profitable mine, although additional drilling will be required for a bankable feasibility. The results of this fill in-drilling are not expected to affect resource estimates by more than 5%.

The Bronson Slope property has substantial additional resource potential with extensions of the known resource to the east, at depth and in the highwall. Additional drilling in the 16,000,000 tonne

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# George Cross News Letter

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eastern pit which is largely an inferred resource, is required to upgrade the resource to the measured and indicated category. However, this pit has indications of higher grade mineralization as it progresses further east and as a result, drilling is expected to add tonnes and to improve the grade of the total resource. The high wall contains an estimated additional 35,000,000 tonnes of material similar in grade to the mineable resource in the main zone but will have a higher strip ratio of 1.86 tonnes of waste to 1 tonne of ore. It is expected some or all of this ore can be added to the mineable reserves on completion of optimization studies and realization of better prices.

Steel Skyline has concluded the Bronson Slope project is economically viable and is seeking expressions of interest in the project from potential joint partners and financiers. It is expected about \$1,500,000 is required to complete a bankable feasibility study including all necessary drilling and detailed engineering and design. (SEE GCNL NO.174, 10Sept97, P.3 FOR PREVIOUS BRONSON SLOPE PROJECT INFORMATION)

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