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SKYLINE EXPLORATIONS LTD. 301 - 675 W. Hastings St., Vancouver, B.C. V6B 1N2 (604) 683-6865 Faxline (604) 685-1207

Progress Report #11 - 1987

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The company is pleased to report that all construction and mobilization of the mill equipment is proceeding on schedule at its 100% owned Johnny Mountain gold mine site. The Recreation hall, cook house building is now completed and 50% of the bunk house trailers are in place.

A large exploration program has been carried out and surface drilling is still in progress. A geochemical sampling program on the lower claims returned excellent results. Surface drilling this season has been concentrated on the high grade 16 zone extensions and the Gold Rush Zone. Assays from the surface and underground drilling are being compiled and will be released at a later date along with the increased tonnage figures.

Underground drilling is in progress and will continue throughout the winter to outline and upgrade ore reserves.

The 16 drift stope is returning grades of 1.2 oz/ton gold (fully diluted) to date. This vein has recently expanded from a width of 5 to 6 feet to 15 feet. This ore is being stock piled underground until the mill is in operation in January - February 1988.

The company is fully financed through production by its recent financing of 15.6 million dollars.

On Behalf of the Board

R.E. Davis, President

28 October 1987

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.