

SKYLINE EXPLORATIONS LTD. 301-675 W. Hastings St., Vancouver, B.C. V6B1N2 (604) 683-6865 Faxline (604) 683-7449

N E W S R E L E A S E

JOHNNY MOUNTAIN GOLD MINE
100% owned

104B107

The company is pleased to report that the mill has been in full production of 200 tons per day for 10 full days.

Exploration work on the company's Crown Grants is in progress.

Red Bird Crown Grant

Five holes have been drilled on the Northern corner of the Red Bird crown grant.

Assays have been received on two holes and are pending on a further three holes.

	From	To	Width (Feet)	oz/T Gold
Hole # RB 7	39.2' -	41.9'	2.7	.452
	93.2' -	95.2'	2	.152
	173.3' -	178.3'	5	1.868
Hole # RB 8	59.0' -	62.0'	3	.120
	133.3' -	136.3'	3	.241

Further results will be reported as they are received.

Work on the Sky Creek Zone, adjacent to the Cominco/Delaware Twin Zone is in progress. To date extensive prospecting and V.L.F. has been completed. Surface sampling has returned assays of .454 oz/T Gold to 1.668. Trenching and geochem are now in progress. Surface work will be followed by diamond drilling.

On behalf of the Board

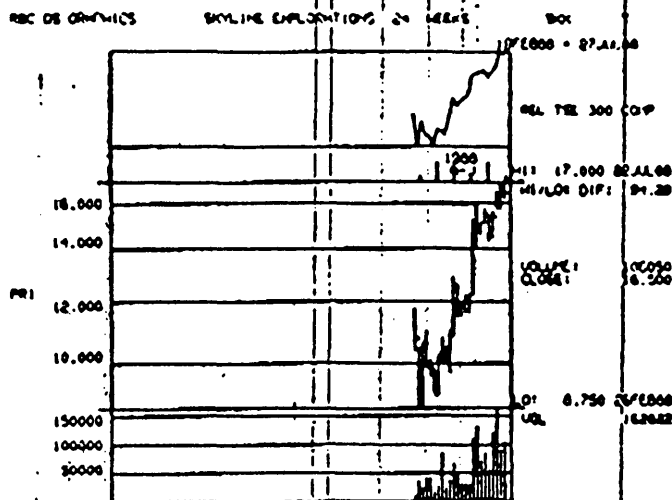


R.E. Davis
President

August 4, 1988

SKYLINE EXPLORATIONS LTD. (SKX - \$17)

Impressive Ore Grades and Start of Production Propel Stock to New Highs — Still Lots of Upside Potential — Buy



Skyline Explorations operates the Johnny Mountain Gold Mine in Northwestern British Columbia. Unlike most other gold stocks which have languished considerably below their 1987 peaks, Skyline has been making new all-time highs in recent weeks. The start of production and continued reports of pockets of high grade ore have contributed to the excitement.

The mine is located two miles south of the Iskut River, 100 km north of Stewart, B.C. in an area of Northwestern British Columbia which has been very active in gold exploration recently.

The Company expects to begin production at the rate of 200 tons per day then move up to the 400 ton per day level some time in 1989. The mine has the potential to produce 60,000 ounces of gold in the first year of operation and 100,000 ounces of gold when full capacity is reached.

Proven and probable reserves total 1,088,000 tons at a grade of 0.704 ounces of gold per ton. However, high grade veins have been discovered containing much greater concentrations. For example, chip sampling in an ore shoot off the Discovery Vein indicated 1.73 ounces per ton over a true width of 8.7 feet.

Initial production will come from an ore stockpile of 53,000 tons with an average grade of 0.73 ounces per ton, of which there are 13,000 tons of broken ore in the stopes with an average grade of 0.85 ounces per ton. Costs on a per-ton-milled basis are expected to be high. However, because of the high mill head grade, direct cash costs on a per-ounce-of-production basis are very favorable at about US\$150 per ounce. Recoveries of approximately 95% are anticipated.

Because of the isolated northern location, weather and transportation will be challenges for this project. However, development has proceeded much as planned with equipment either flown in by Hercules aircraft to a nearby landing strip or brought by winter road up the Iskut River.

The Company expects to spend \$1,000,000 on exploration this year on its 16,000 acre Reg mineral claims, emphasizing an area adjoining the Snip claims where significant gold mineralization has been discovered by the Cominco Limited and Delaware Resources joint venture.

With 8,595,000 common shares outstanding, we believe Skyline has the potential to earn \$1.00 per share in its first year of production and \$2.25 per share at full capacity. Our initial target price is \$25.00 per share.

Andy McQuire/Bev Knox July 25, 1988

