

SKYLINE GOLD CORPORATION

(\$0.18, SK: TSX-V)

Recommendation

Speculative Buy

Risk

High

Target Price

\$0.55

Price (Sept 14)

\$0.18

52-Week Range

\$0.31-\$ 0.15

% Below High

42%

% Above Low

20%

Shares O/S

63.2 million

Market Cap

\$11.4 million

Average Daily Volume

20-Day: 51,100

150-Day: 86,000

Year-End

October 31

C\$	BVPS	EPS
2005	\$(0.01)	\$0.00
2006	\$0.03	\$0.00
2007E	\$0.03	\$(0.01)
2008E	\$0.06	\$(0.01)

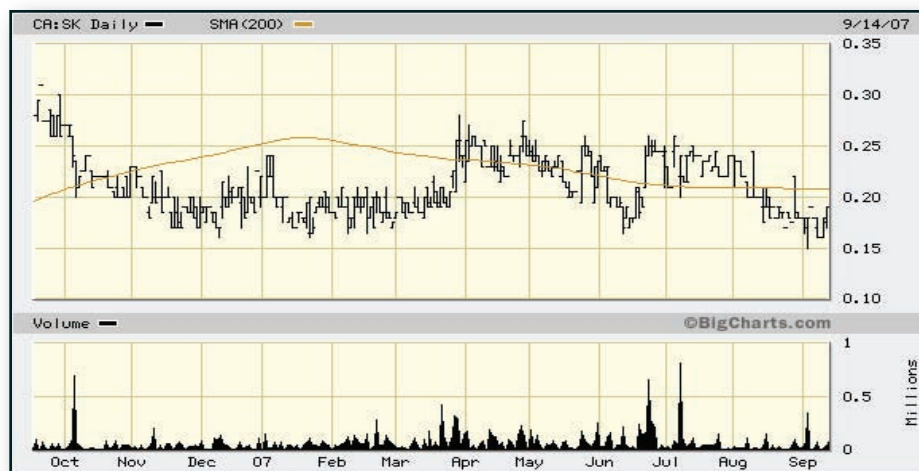
BVPS: Book Value Per Share

EPS: Earnings Per Share

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Data Source: www.BigCharts.com

UPFRONT

The reawakening of Skyline Gold's Bronson Slope Property provides investors with a highly attractive resource value per share (and increasing). While this is partially offset by the infrastructure challenges, these are not insurmountable. Bronson Slope is not as remote as it once was.

RECOMMENDATION

eResearch has initiated coverage of Skyline Gold Corporation ("Skyline" or the "Company") with an initial rating of Speculative Buy. Our 12-month Target Price is \$0.55 per share, compared to the current share price of \$0.18.

PROFILE

Skyline Gold Corporation is involved in the exploration and development of mineral projects in northwestern British Columbia.

HIGHLIGHTS

- After an eight year period of inactivity, Skyline has restarted activity at its Bronson Slope deposit.
- The Bronson Slope property is well advanced with much of the work completed in the 1990s, but in need of updating. Currently at the pre-feasibility stage, with report expected later in 2007.
- Skyline provides investors with an exciting exploration/development play in the "Golden Triangle" region of northwestern British Columbia, a short distance from Barrick Gold's Eskay Creek, NovaGold's Galore Creek and Copper Fox's Shaft Creek.
- The gold/copper/silver/molybdenum resource value per share is extremely attractive.
- Main challenges are infrastructure related i.e. electricity and road access. Having recently visited the site, we believe these are manageable.
- Skyline will need to raise additional capital to advance the property.

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THE COMPANY

Skyline is a junior mineral resource company engaged in the exploration of precious and base metals at its properties in northwestern British Columbia.

Skyline owns 100% of the Bronson Slope porphyry gold, copper, silver and molybdenum deposit, located 110 kilometers northwest of Stewart, British Columbia and 80 kilometres east of Wrangell, Alaska.

In addition, Skyline owns the 4400 hectare Iskut property, but this nearby property has been farmed out to Spirit Bear Minerals Ltd., a non-arms length private company.

PROJECTS

The Company's properties are set out in the following table:

Table 1: Properties				
Properties	Area (hectares)	No. of Claims	Direct Interest	Mineralization
Bronson Slope	187	6 claims + 4 mineral tenures	100%	Gold, Copper, Silver, Molybdenum
Iskut	4,400	7 claims + 15 mineral tenures	Farmed Out	Gold

Source: Company

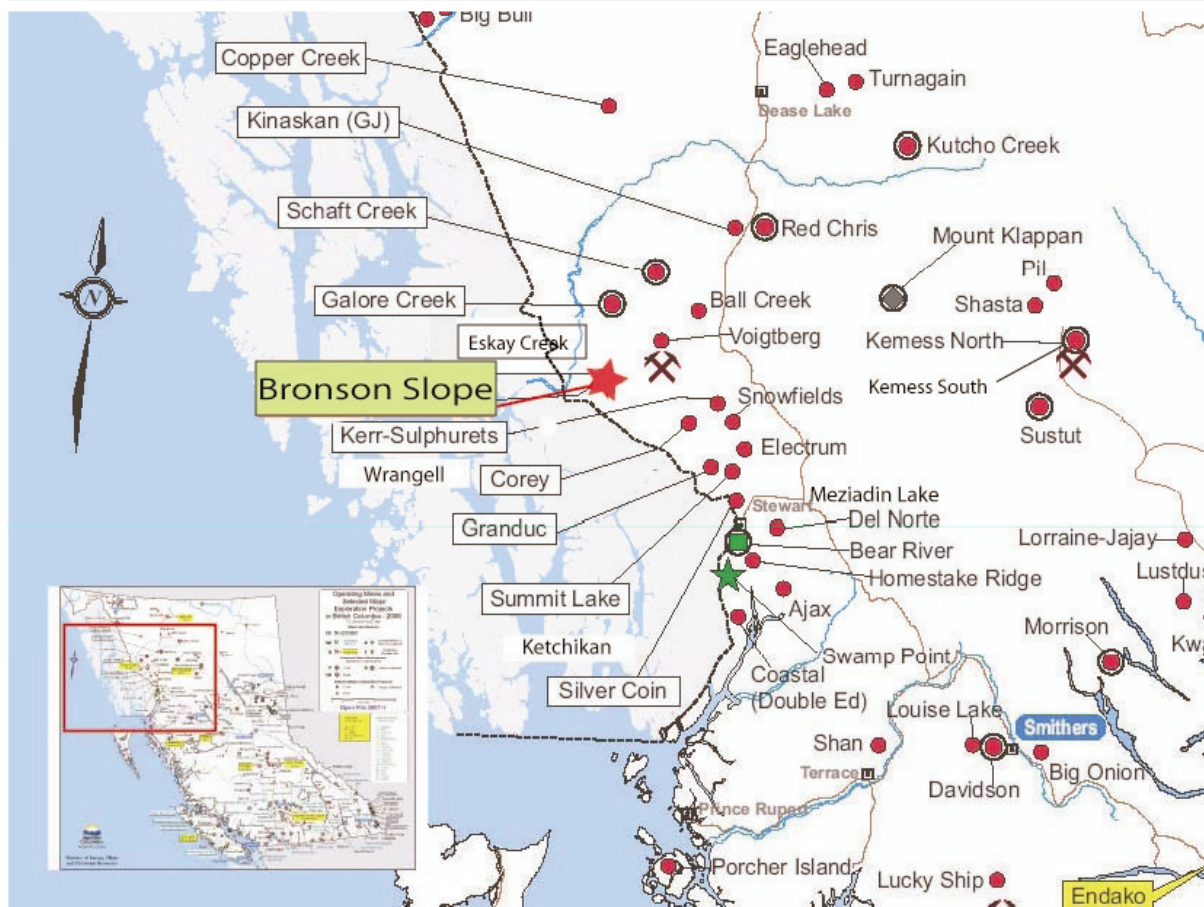
Bronson Slope Mineral Resource Estimate

This estimate was provided in the May 2007 Technical Report on the Bronson Slope Property. The 5000 metre drilling program currently in progress is expected to expand this resource base and upgrade the confidence level, as discussed below.

Table 2: Properties					
Classification	Metric Tonnes	Au g/t	Ag g/t	Cu %	Mo %
Measured	54,400,000	0.51	2.47	0.19	0.005
Indicated	75,400,000	0.39	2.41	0.14	0.011
Measured + Indicated	129,800,000	0.44	2.44	0.16	0.008
Inferred	45,200,000	0.37	1.92	0.16	0.011

Source: Company

Figure 1: Bronson Slope Property



Source: Company

CORPORATE PRIORITIES

The current drilling program has four principal objectives:

1. To provide better definition of a higher grade material within the measured resource.
2. To upgrade portions of the indicated and inferred resources into either measured and/or indicated categories.
3. To test for extensions to the main zone both with respect to depth and breadth, and to test a lightly drilled second zone for higher grade copper and molybdenum and increased tonnage.
4. The Bronson Slope also has a significant number of geologically attractive exploration targets which would be added to the drilling program.

In accordance with these recommendations, Skyline is currently undertaking a 5,000 metre drilling program at Bronson Slope.

In addition, management has engaged a consulting engineering firm to prepare the preliminary economic assessment. It is expected that the preliminary assessment will be based on a conventional mill and concentrator, while mining will be from a drill and blast open pit with in-pit crushing, waste and ore passes and conveyors instead of haul trucks. The elimination of a fleet of expensive haul trucks would reduce capital and operating costs. The study should be completed later in 2007.

NOTES FROM RECENT SITE VISIT

On September 7, 2007 management organized a one day visit to the Bronson Slope Property. Below we outline some of the key takeaways:

- The property is not as remote as it once was, and while the infrastructure challenges are considerable, they are manageable.
- Approximately 22 km of road access would have to be built along the Iskut River valley, which is relatively flat.
- Electricity is expected to be provided by a connection to the grid at the proposed Forrest Kerr run-of-river hydroelectric facility. This would be owned by NovaGold and is expected to be constructed and provide power to its planned Galore Creek Mine. We expect that Skyline would incur costs for the transmission lines to Bronson Slope.
- The preliminary economic assessment (pre-feasibility study) is being intentionally delayed to take into account results from the current drilling program. With drilling expected to be complete by late October, we expect the pre-feasibility report will be available towards the end of 2007.
- Drilling season is relatively short, typically from June/July to October.
- Potential for a low cost open pit mine. Given the location of the deposit, a tunnel and conveyer would be used, avoiding the need for a high cost fleet of trucks.
- The recent disclosure of magnetite, a recoverable byproduct, could potentially increase revenues by US\$10 per tonne of ore mined.

Figure 2. Site Visit



Core samples arriving / Red Bluff



Red Bluff



Camp Accommodation



New Drill Core Samples



Site Visit Presentation



Iskut River Valley / Airstrip

Source: eResearch

HISTORY

In 2006, Skyline reactivated exploration of its Bronson Slope Property. This followed a management reorganization and private placement fund raising. The Company had been inactive since 1999. During the period from 1988-1997 Skyline completed extensive exploration and drilling on Bronson Slope. During that period, they carried out prospecting, geochemical soil surveys, geological mapping, induced polarization surveys, property grids and surveying, and surface core drilling, followed by metallurgical, engineering scoping, pre-feasibility, and economic evaluation studies. Skyline commissioned resource estimations in 1996 and 1997 on the Bronson Slope deposit. During 2006 Skyline completed a four-hole 562 metre drilling program and is currently undertaking a 5,000 metre drilling program.

STRENGTHS AND CHALLENGES

Strengths:

- **Attractive Mining Region:** The “Golden Triangle” of northwestern British Columbia is an attractive region for mineral exploration. Nearby projects include Barrack Gold’s Eskay Creek Mine (40 km to the east), Canada’s highest grade gold mine and the world’s fifth largest silver producer. NovaGold Resources and Teck Cominco recently announced the development of the Galore Creek Project, believed to be one of the largest undeveloped copper-gold projects in the world.
- **Well Advance Exploration Project:** As a restarted exploration project, new Skyline investors are positioned to benefit from extensive exploration and drilling conducted at Bronson Slope by Skyline through the 1988 to 1997 period. Consequently, much of the heavy lifting has already been done, but needs to be updated.
- **Attractive Share Structure:** The Company has no outstanding options or warrants.
- **Recent Drill Results:** Skyline has reported favourable recent assay results, including 117 metres of 0.654g/t gold and 64 metres of 0.031% molybdenum. Additional results are expected in the near future.

CHALLENGES:

- **Infrastructure Challenges:** Being located in remote northwestern British Columbia, the Company’s key challenges include access to electricity, road access and environmental issues. From discussions with management during our on-site visit it becomes clear that none of these challenges are insurmountable.
- **Lack of Investor Awareness:** Skyline Gold needs to create increased investor awareness and improve the liquidity of its shares.
- **Funding:** Skyline Gold’s exploration plans are dependent on further significant capital raising initiatives, and eResearch expects that the Company will need to return to the capital market in early 2008.

FINANCIAL REVIEW AND OUTLOOK

Currency: The Company reports its financial results in Canadian dollars. Given that most metals are priced in U.S. dollars, producing mining companies are being negatively impacted by the strong Canadian dollar.

Revenue: As a mineral exploration company, Skyline is not generating revenue, earnings, or cash flow.

Cash: The Company currently has cash of approximately \$600,000, following the recent completion of a \$1.3million flow-through financing. Cash is held in bank deposits, and there is no exposure to asset backed commercial paper investments.

Exploration Spending: The Company has recently commenced its 2007 drilling program at its Bronson Slope deposit. Capital spending is expected at approximately \$1.2 million through fiscal 2007 (October 31 year-end). We anticipate total capital spending of approximately \$2.0 million for 2008, but this will depend on the extent and timing of further drilling and other studies being undertaken.

Burn Rate: The Company's (non exploration) non-discretionary expenses; ie salaries, office and administrative, accounting fees, etc. for the H1/2007 were \$42,000 per month, up from \$30,000 per month through fiscal 2006. Reflecting the recent increase in activity, we anticipate that the average monthly burn for F2007 will rise to \$55,000, and towards \$65,000 in F2008.

Financing: Skyline recently completed a non-brokered private placement, raising \$1.3 million of flow-through funds. While this is sufficient to advance exploration, eResearch anticipates that the Company will return to the capital markets in early calendar 2008 to fund its next phase of drilling.

Debt Funding: Skyline has no debt outstanding.

Commitments: The principal long term commitment is the asset retirement obligation to reclaim the Stonehouse mineral properties estimated at \$942,414. The obligation is partially secured by term deposits and construction equipment worth \$669,138.

Capital Structure: The Company presently has 63,240,524 million shares issued and outstanding, following the recent private placement. There are no warrants and options outstanding. Insiders control approximately 4.3 million shares, or 6.8% of Skyline's outstanding shares.

Options and Warrants: None outstanding, but the Company has adopted an incentive stock option plan.

COMMENT: *Skyline is unique in that it has no outstanding options and warrants. We find this to be an attractive feature of this Company, compared to companies with significant dilution as a result of lucrative options-based executive compensation.*

Financial Statements: Set out on the following page are the Company's financial statements:

Table 3. Selected Financial Statements

	6 Months Ended Apr 30:		Year Ending October 31:				
	2006	2007	2004	2005	2006	2007E	2008E
Statement of Income/(Loss):							
Operating Income	0	0	0	0	0	0	0
Non-Operating Income	868	3,723	3,131	119,326	58,975	10,000	60,000
General & Administrative Expense	(35,872)	(253,583)	(93,566)	(83,272)	(363,458)	(520,000)	(750,000)
Interest Expense	(406)	(1,244)	(912)	(3,047)	(2,973)	(2,000)	(2,000)
Amortization	0	(2,666)	(773)	0	(2,929)	(6,000)	(7,000)
Stock-based Compensation	0	0	0	0	0	0	0
Net Income/(Loss) Before Non-Recurring Items	(35,410)	(253,770)	(92,120)	33,007	(310,385)	(518,000)	(699,000)
Non-Recurring Gains/(Losses)	401,062	0	(843,336)	10,000	382,696	0	0
Future Income Tax Recovery	0	<u>386,720</u>					
Net Income/(Loss)	365,652	132,950	(935,456)	43,007	72,311	(518,000)	(699,000)
Total Shares Outstanding	50,276,959	56,465,524	45,176,959	45,176,959	54,470,524	<u>63,240,524</u>	<u>71,907,191</u>
Weighted Average Shares Outstanding	45,261,489	55,826,242	45,176,959	45,176,959	49,823,742	58,855,524	67,573,857
Earnings (Loss) Per Share	\$0.01	\$0.00	(\$0.02)	\$0.00	\$0.00	(\$0.01)	(\$0.01)
Statement of Cash Flow:							
Net Income (Loss)	365,652	132,950	(935,456)	43,007	72,311	(518,000)	(699,000)
All Non-Cash Items	<u>(361,053)</u>	<u>(305,486)</u>	<u>844,109</u>	<u>(127,036)</u>	<u>(433,347)</u>	<u>6,000</u>	<u>7,000</u>
Cash Flow from Operations	4,599	(172,536)	(91,347)	(84,029)	(361,036)	(512,000)	(692,000)
Capital Expenditures (Properties)	0	(782,871)	0	10,000	(601,870)	(1,100,000)	(2,000,000)
Other Investing Items	<u>53,580</u>	<u>57,665</u>	<u>166,233</u>	<u>117,036</u>	<u>44,580</u>	<u>70,000</u>	<u>50,000</u>
Free Cash Flow	58,179	(897,742)	74,886	43,007	(918,326)	(1,542,000)	(2,642,000)
Working Capital Changes	(214,709)	284,932	(62,176)	(52,061)	(455,539)	<u>46,219</u>	<u>43,000</u>
Equity Financing	286,000	387,779	0	0	1,643,418	1,355,000	2,600,000
Debt Financing	0	0	0	0	0	0	0
Change in Cash	129,470	(225,031)	12,710	(9,054)	269,553	(140,781)	1,000
Cash, Beginning of the Period	24,253	293,806	20,597	33,307	24,253	293,806	153,025
Cash, End of the Period	153,723	68,775	33,307	24,253	293,806	153,025	154,025
Balance Sheet:							
		As at Apr. 30	As at October 31				
		<u>2007</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007E</u>	<u>2008E</u>
Cash		68,775	33,307	24,253	293,806	53,025	54,025
Other Current Assets		95,030	9,751	4,896	346,393	100,000	100,000
Term Deposit		236,638	222,638	222,638	233,638	236,000	236,000
Mining and Office Equipment		459,814	437,500	437,500	462,480	460,000	460,000
Mineral Properties		1,907,729	<u>1,003</u>	<u>1,003</u>	<u>1,843,259</u>	<u>2,943,259</u>	<u>4,943,259</u>
Total Assets		<u>2,767,986</u>	<u>704,199</u>	<u>690,290</u>	<u>3,179,576</u>	<u>3,792,284</u>	<u>5,793,284</u>
Accounts Payable & Accrued Liabilities		257,307	655,135	598,219	939,622	620,000	700,000
Reclamation Obligation		<u>296,920</u>	<u>432,516</u>	<u>432,516</u>	<u>261,693</u>	<u>300,000</u>	<u>320,000</u>
Current Liabilities		554,227	1,087,651	1,030,735	1,201,315	920,000	1,020,000
Reclamation Obligation		650,973	0	0	602,977	660,000	660,000
Shareholders' Equity		<u>1,562,786</u>	<u>(383,452)</u>	<u>(340,445)</u>	<u>1,375,284</u>	<u>2,212,284</u>	<u>4,113,284</u>
Total Liabilities & Equity		<u>2,767,986</u>	<u>704,199</u>	<u>690,290</u>	<u>3,179,576</u>	<u>3,792,284</u>	<u>5,793,284</u>
Book Value (S.E.) Per Share		\$0.03	(\$0.01)	(\$0.01)	\$0.03	\$0.03	\$0.06

Source: Company

The mineral resource calculation is taken from the NI 43-101 Technical Report on the Bronson Slope Deposit dated May 2007, authored by A.A.Burgoyne, P.Eng., MASc. and G.H.Giroux P.Eng., MASc.

Aggregating the value of the calculated resources per share in the table above gives an intrinsic value per share of \$1.17 for the Bronson Slope property. Using a highly conservative approach, we discount this by 50% to \$0.58 to reflect the infrastructure/accessibility uncertainties until we gain more clarity from the forthcoming pre-feasibility study.

Exclusions from this analysis:

1. This calculation excludes lower confidence Inferred Resources of 45.2 million tonnes, which may be partially upgraded to the Indicated Resource category with the current drilling program.
2. Furthermore, this analysis excludes any value from the production of magnetite. Bronson Slope has the potential to produce a high grade magnetite concentrate, which could be recovered as a low cost by-product of flotation concentration, and could potentially increase revenues by US\$10 per tonne of ore mined.

COMMENT: *The ongoing drilling program is expected to expand the resource, as well as potentially upgrade the resource categories. Accordingly, we await forthcoming drill results that could provide additional exploration upside.*

(2) Peer Comparison – Book Value Property Ratio

The Property Ratio below measures the premium the market currently places on a company's mineral property book values. All else being equal, a higher premium indicates the market is anticipating greater future value from the assets in the ground, while a lower premium may indicate a lower future value from the assets, or represent an undervalued asset.

For the Peer Comparison analysis, we have selected several junior mineral resource companies focused on precious metals and base metal exploration.

Table 5: Corporate Comparison

	Skyline Gold Corporation SK: TSX-V April-07	Canadian Gold Hunter CGH: TSX June-07	Goldrea Resources Corp. GOR: TSX April-07	Newcastle Minerals Ltd. NCM: TSX March-07	Queenston Mining Inc. QMI: TSX-V June-07	Radisson Mining Resources RDS: TSX-V June-07	Tyhee Development Corp. TDC: TSX-V May-07	Western Keltic Mines Inc. WKM: TSX-V June-07
Corporate:								
Share Price	C\$ 0.18	C\$ 1.68	C\$ 0.39	C\$ 0.12	C\$ 2.13	C\$ 0.30	C\$ 0.40	C\$ 0.45
Shares O/S	63,240,524	53,053,766	40,543,601	13,564,263	47,138,436	39,402,851	128,275,633	79,550,855
Market Cap	C\$ 11,383,294	C\$ 89,130,327	C\$ 15,812,004	C\$ 1,559,890	C\$ 100,404,869	C\$ 11,820,855	C\$ 51,310,253	C\$ 35,797,885
Mineral Properties:								
Book Value (Cost)	C\$ 1,857,729	C\$ 13,516,948	C\$ 3,721,445	C\$ 546,643	C\$ 28,055,054	C\$ 4,727,320	C\$ 27,255,704	C\$ 7,391,894
Market Value	C\$ 10,473,037	C\$ 78,752,746	C\$ 12,619,056	C\$ 1,205,794	C\$ 84,888,864	C\$ 11,342,437	C\$ 46,561,215	C\$ 32,440,720
Difference	C\$ 8,615,308	C\$ 65,235,798	C\$ 8,897,611	C\$ 659,151	C\$ 56,833,810	C\$ 6,615,117	C\$ 19,305,511	C\$ 25,048,826
Property Ratio	5.64	5.83	3.39	2.21	3.03	2.40	1.71	4.39
Average Ratio (Peers)	3.28							
Adjusted Book Value (Cost)	(1) C\$ 3,857,729							
Adjusted Property Ratio	2.71							
Selected Ratio	3.28							
Common Equity (Per Statements)	C\$ 1,562,786							
Adjusted Common Equity (Selected Ratio)	(1) C\$ 12,358,408							
Equity Per Share (Per Statements)	C\$ 0.02							
Adjusted Equity Per Share (Selected Ratio)	(1) C\$ 0.20							

Source: Company

Peer Comparison Analysis

eResearch has calculated the book value of Skyline's mineral property portfolio 12 months forward by adding the anticipated capital expenditures for the forecast period to the existing mineral property value. Then we apply, to the Adjusted Book Value of the Mineral Property, the selected Mineral Property Ratio, as determined by analyzing and comparing the relative merits of the peer companies with the subject company. In this case, we have applied the peer group Average Ratio of 3.28x, to arrive at an intrinsic value calculation for Skyline of \$0.20.

The key reason for the low intrinsic value provided in this calculation is the relatively low capital spending on the properties since Skyline reopened exploration at Bronson Slope. The current balance sheet does not reflect the spending on the property in the 1990s, which was written off. Clearly the property would not be so far advanced today were it not for the extensive exploration initiatives undertaken during that period.

(3) Mineral Resource Comparison

Below we compare Skyline's gold resource estimates with other gold exploration/development companies. Certain of the companies are close to production, while for others production is many years in the future, if at all.

The table speaks to the findings in our Share Value Per Attributable Resource analysis above, and suggests that the market is undervaluing the gold resource estimates at Bronson Slope compared to the industry. The market capitalization/ounces of gold resource premium of 5.4x for Skyline compares to the peer group average of 54.6x, considerably undervaluing the gold resource at Bronson Slope. Had we included the copper, silver and molybdenum resource estimates, the ratio would be even lower.

If we were to back into a market capitalization for Skyline based on the industry average premium of 54.6x, we arrive at a market capitalization of \$109 million, or \$1.73 per share. If we discount this by 50% to reflect the infrastructure/accessibility challenges (as mentioned previously, the pre-feasibility study, when available, should provide valuable guidance here), we arrive at an intrinsic value of \$0.86.

Symbol	Company	Stock Price	# Shares (millions)	Market Cap. (\$ millions)	Oz. Gold (millions)	Market Cap./ Oz.
OSK	Osisko Exploration	\$5.60	114.1	639.0	6.5	98.3
WGI	Western Goldfields	\$2.77	118.3	327.7	3.8	86.2
RDS	Radisson Resources	\$0.30	39.4	11.8	0.2	78.8
GBU	Gabriel Resources	\$3.40	254.8	866.3	14.6	59.3
NG	Novagold Resources	\$15.97	104.6	1670.5	28.3	59.0
KRY	Crystallex International	\$3.02	261.3	789.1	14.0	56.4
GCX	Golden China Resources	\$1.09	50.3	54.8	1.0	53.8
QMI	Queenston Mining	\$2.15	40.8	87.7	2.0	43.9
TDC	Tyhee Development Corp	\$0.40	128.3	51.3	1.4	36.7
GSL	Greystar Resources	\$6.59	39.6	261.0	7.4	35.3
CCM	Canarc Resource Corp.	\$0.50	68.7	34.4	1.2	28.6
CBR	Committee Bay Resources	\$0.41	69.5	28.5	1.5	19.0
SK	Skyline Gold Corporation	\$0.18	63.2	11.4	2.0	5.7

Data is taken from 43-101 mineral resource estimates.

Investment Conclusions:

- The Share Value Per Attributable Resource at Bronson Slope provides an estimated value per share of \$0.58.
- The book value Peer Comparison analysis provides an estimated value per share of \$0.20.
- The Mineral Resource Comparison indicates an estimated value of \$0.86.
- Until completion of the pre-feasibility study, eResearch has adopted a highly conservative valuation approach. At that time, there should be greater clarity as to the viability of the Bronson Slope project.
- Given the high mineral resource value per share, favourable recent drill results, and forthcoming assay results, we believe Skyline presently provides exceptional value for investors.
- An average of the results from the three valuation methodologies gives Skyline an intrinsic value of \$0.55.
- Giving consideration to the foregoing, eResearch has derived a 12-month Target Price of \$0.55 for Skyline. The shares are recommended as a Speculative Buy, suitable for risk tolerant investors.

Risk Factors

- **Commodity Price Risk:** Volatility of the commodities market could impact the price of precious metals being pursued by the Company.
- **Revenues:** The Company has no source of operating revenue, and significant additional expenditures will be required before any meaningful operating revenues will be generated, if any.
- **Capital Raising:** Significant ongoing capital will be required to conduct exploration, maintain its ownership interest in the mineral claims, to develop the properties, establish mining operations, and operate a mine.
- **Stock Price Volatility:** The stock price will be heavily influenced by the results of exploration.
- **Future Production:** If mineral resources are developed, there is no guarantee that production will be profitable.
- **Regulatory Risk:** Government regulations could change, particularly environmental requirements.
- **Competition:** The resource industry is highly competitive, and the Company competes with many companies with greater financial resources, management resources and technical facilities than itself.
- **Uninsurable Risks:** The Company may become subject to liability for accidents, pollution and other hazards, against which it cannot insure, or it may chose not to insure due to high insurance premiums.

APPENDIX 1: MANAGEMENT AND DIRECTORS

Clifford Grandison – Chairman & Chief Executive Officer

Mr. Grandison holds a B.A. in mathematics and economics from the University of British Columbia (1963). Mr. Grandison was President of Coast Mountain Power Corp., a successful Independent Power Producer. He is also President of Grandison Executive Management Inc., an independent firm which provides management services to companies, since 1992. Mr. Grandison served as President and Chief Executive Officer of the Company from 1993 to 2000. From 1965 to 1992 he held a number of senior management positions with Placer Dome Inc., a large multinational mining company, most recently as Vice-President, Corporate Development.

Jeff Smulders – President & Chief Financial Officer

Mr. Smulders holds a B.Sc. in Mathematics (1972) from the University of British Columbia, a MBA from City University (1985) and a CMA (1980) from the Society of Management Accountants of B.C. & Yukon. Mr. Smulders began his career with one of the large accounting firms in the early 1970s, then worked in the mining industry for Placer Development Limited for almost 10 years. For the past 20 years, he has managed his own financial consulting company assisting a wide variety of businesses including public companies in the areas of financial management, taxation and accounting.

W. (Sandy) Martin – Director

Mr. Martin has an M.A.Sc. in Mining Engineering from the University of British Columbia, and specializes in resource / reserve modelling, pit design and mine planning and has addressed these issues for several mines in BC, Ontario, the US and throughout Asia. Mr. Martin has more than 15 years of professional experience.

Lorne B. Anderson – Director

Mr. Anderson was the Chief Financial Officer and Treasurer of Glamis Gold Ltd., a NYSE listed public company, for 10 years until 1998. He has over 30 years experience in top-level management, maintaining associations with the investment and banking communities in Canada, the United States, and Europe.

Linda Hogg – Corporate Secretary, Director

Ms. Hogg holds a LL.B., University of British Columbia (1977) and currently works for Lang Michener, Partner. A member of the firm's Venture Capital Group practicing in the area of corporate commercial and securities transactions with emphasis on corporate finance for public and private companies. Linda is experienced in mineral property options, mining participation, joint ventures, public and private financings, corporate reorganizations and acquisitions.

APPENDIX 2: PROPERTIES

(1) Bronson Slope Property

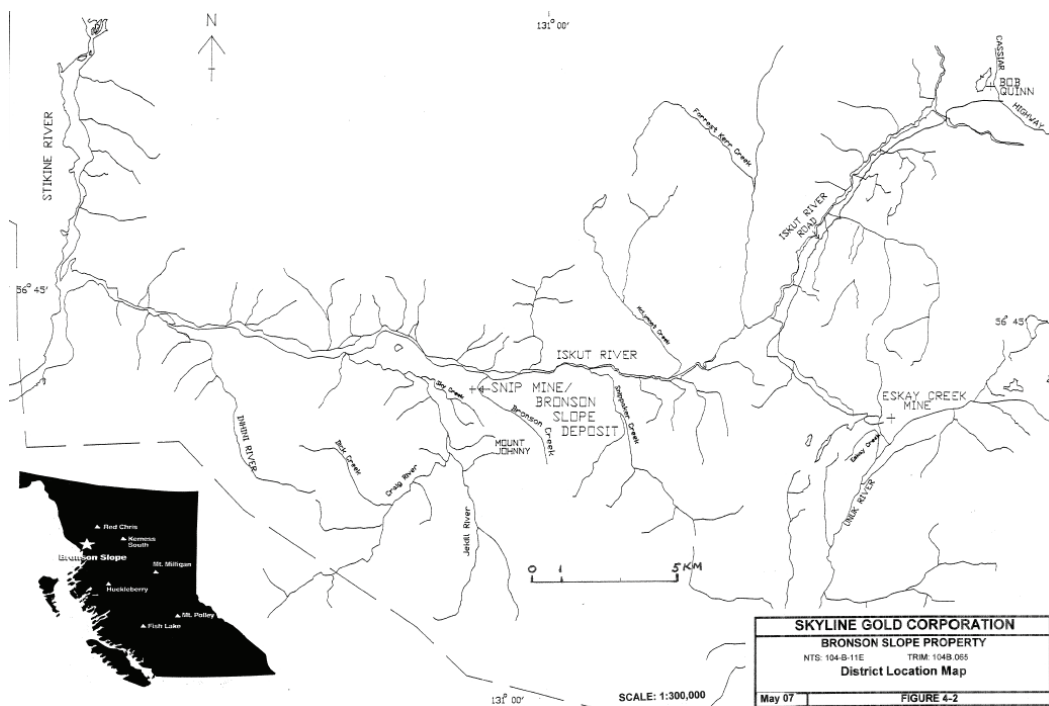
Location and Infrastructure

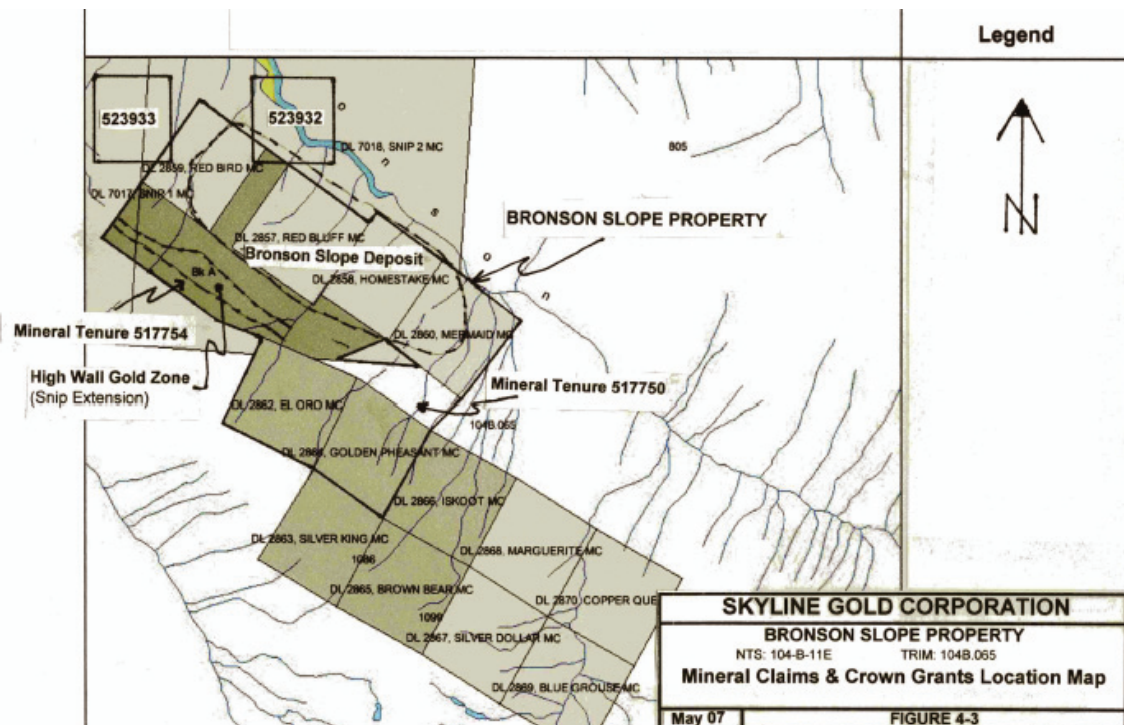
The Bronson Slope Property lies within the metallogenetically important Stewart-Iskut River area of northwestern British Columbia. It lies 110 km northwest of Stewart, B.C., 280 km northwest of Terrace, B.C., 80 km east of Wrangell, Alaska and 70 km west of Bob Quinn on the Stewart-Cassiar Highway. A mine access road leads from Bob Quinn 40 km down the south side of Iskut River to within 30 km of Bronson Slope, as indicated in the map below, where it turns south to the Eskay Creek gold-silver mine of Barrick Gold.

The Bronson Slope Property lies south of Bronson Creek and southeast of the Bronson airstrip and the former producing Snip Gold Mine on the south bank of the Iskut River. To the south, the property covers glaciers and mountainous terrain including Johnny Mountain. The north property boundary lies 500 metres immediately south of the closed Snip Mine just south of the Iskut River.

Two airstrips suitable for Hercules aircraft service the Property. One occurs at 100m elevation at Bronson Airstrip, which is the old campsite of the Snip Mine just north of the property. The second occurs in the alpine at 1100 metres elevation at the closed Johnny Mountain Gold Mine in the centre of the adjoining Iskut property.

Helicopters working for the mineral exploration industry out of Bob Quinn airstrip have been available for work in the area. Helicopter costs (and other costs) are shared with Spirit Bear Minerals, which is exploring on the adjacent property.





Fly-in access to the Property can be made from Smithers, B.C., Terrace, B.C., or Wrangell, Alaska to the airstrips mentioned above at the mine sites. Alternatively vehicles can be driven to Bob Quinn to co-ordinate access by helicopter when they are available. A 10 kilometre road connects the two airstrips through the centre of the Iskut property, thereby providing vehicle access to the south part of Bronson Slope. Old drill roads lead north and northwest from the Johnny Mountain airstrip and could be rehabilitated if warranted. The 10 kilometre road referred to requires yearly maintenance. A dozer equipped tractor crawler, owned by Skyline, is available for rent at Bronson Airstrip for this purpose.

COMMENT: *Reflecting the location in northwestern B.C., the exploration field season is short, running from approximately June through October. This is a disadvantage compared to companies exploring in more southern climates that can spread exploration throughout the year.*

History

In 1988 Skyline personnel started working on the Bronson Slope Property, and it was during a 1992 review of all exploration and drilling data by Burgoyne (1992), that the alteration and then defined mineralization, indicated the potential for a large low-grade porphyry copper-gold deposit. In 1993 Skyline performed Induced Polarization and Chargeability surveys as noted by Burgoyne (1993a) and a limited drilling program of 872 metres over 7 drill holes on two separate cross-sections of the deposit. This program was successful and is recognized in partially defining the Bronson Slope porphyry copper-gold deposit. A total of 15,276 metres of drilling over 81 diamond drill core holes were drilled in 1965, 1984, 1988, 1993 through 1997, and 2006. This drilling has defined the current resource that is outlined below. Also during the period of 1995 to 1997, extensive prefeasibility engineering and scoping studies were completed. The property sat dormant from 2000 through 2005, as commodity prices deteriorated. In 2006, under new management, Skyline reactivated exploration on the property.

Geology

The Bronson Slope Property is underlain by the Early Jurassic Red Bluff porphyry gold-copper-silver-molybdenum hydrothermal system that is dominated by an intense quartz-magnetite-hematite stock work that trends northwest along the south side of Bronson Creek valley. The Red Bluff porphyry is intrusive into Upper Triassic age feldspathic greywacke. The stock work overprints and is intimately associated with the Red Bluff porphyry intrusion. The stock work is composed of an intense network of veins. Drill intersections of 20 to 100+ metres long are composed entirely of intersecting to sheeted sets of quartz-magnetite-hematite veins. Individual veins range from 0.5 to 10 cm in thickness. The quartz-magnetite-hematite stock work is overprinted by quartz + pyrite + chalcopyrite +/- carbonate veins and by carbonate and pyrite veins. The total sulphide content in the quartz-pyrite assemblage is around 5%. The quartz-pyrite assemblage comprises less than 10% of the older quartz-magnetite-hematite veins. The quartzpyrite veins/alteration are locally brecciated.

Gold and copper grades reflect the distribution of the different veins and alteration types. Areas of quartz-magnetite-hematite veining with sparse or no pyrite-chalcopyrite or quartz-pyrite overprinting have low gold and copper grades. Higher copper and gold grades occur in quartzpyrite-chalcopyrite veins and alteration and in areas of abundant pyrite-chalcopyrite veining both inside the quartz-Fe-oxide stock work and in adjacent greywacke.



Mineral Resource

The Bronson Slope Property has been mostly explored by surface core drilling, where a total of 81 drill holes totalling 15,384 metres have been drilled in 1965, 1986, 1988, 1993 through 1997, 2006, plus the current drilling program. Most of the drilling occurred between 1993 and 1997. This drilling has defined a mineralized porphyry gold-copper-silver-molybdenum system in the order of 1.5 km long and 0.4 to 0.6 km wide.

Bronson Slope Mineral Resource Estimate
(cut off US\$9.00/tonne net recoverable metal value)

Classification	Metric Tonnes	Au g/t	Ag g/t	Cu %	Mo %
Measured	54,400,000	0.51	2.47	0.19	0.005
Indicated	75,400,000	0.39	2.41	0.14	0.011
Measured + Indicated	129,800,000	0.44	2.44	0.16	0.008
Inferred	45,200,000	0.37	1.92	0.16	0.011

The above resource includes the zone known as the High Wall; in 1997 Skyline completed a drilling program plus re-logging and re-assay of older Cominco/Prime Resources drill core that defined a zone of gold mineralization with a strike length of about 800 metres parallel to both the Bronson Slope and Snip shear zone (gold) vein deposit. The zone contains disseminated gold mineralization grading in the 0.5 g/t to 0.6 g/t gold range over a width of 60-70 metres. The Bronson Slope deposit is open on trend to the east, south into the High Wall Zone and to depth.

COMMENT: *According to the Qualified Persons, “the exploration potential to define extensions and new zones along trend and down dip is considered excellent”. Consequently, eResearch is optimistic that the current mineral resource estimate can be expanded further, but this will be only be determined by further drilling.*

The Qualified Persons have also stated the following: “The character of the defined porphyry gold-copper-silver-molybdenum deposit and the continuity defined by drill results obtained historically from 1993 through 1997 and in 2006 by Skyline, are of sufficient merit to warrant the following recommended programs to further define resource confidence and discover/define additional mineralization. A Preliminary Economic Assessment Study (currently underway) along with possible pit design to determine gaps and holes in the drilling confidence should be completed as part of a Stage one program, which should also include pre-season planning, and evaluation (complete), and core diamond drilling of 10,000 metres costing \$3.45 million. The Stage two program, assuming positive Stage one results, is recommended at 5,000 metres costing \$2.0 million.”

(2) Iskut River Property

The Iskut River Property is located immediately to the south of the Bronson Slope Property and contains the historic Johnny Mountain Mine. Property surrounding the mines continue to offer exploration potential, but while Skyline focuses on its Bronson Slope project, it has farmed out a 4,400 hectare portion of the Iskut River Property to Spirit Bear Minerals Ltd. (“Spirit Bear”), an arms length private company.

Skyline and Spirit Bear entered an agreement whereby Spirit Bear may earn a 70% position by completing \$6,500,000 in exploration work on the Property, and by paying \$230,000 and 2,000,000 shares to Skyline, in stages, over 5 years. The agreement was effective May 2005.

The Property is underlain by late Triassic to early Jurassic sedimentary and volcanic rocks intruded by Jurassic to Cretaceous intrusive rocks. The formerly producing Johnny Mountain Gold Mine produced 2,815,400 grams of gold, from 227,247 tonnes of ore during the period 1988 to 1993. The Property adjoins the formerly producing Snip Gold Mine, that produced 32,093,700 grams of gold from 1,267,642 tonnes of ore during the period 1991 to 1999.

Skyline had identified numerous gold and base metal exploration targets have been discovered on the Property, that will be the subject of detailed review and target selection by Spirit Bear.

COMMENT: *The Johnny Mountain Mine contain gold vein systems, while the Bronson Slope is a porphyry deposit.*

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ANALYST CERTIFICATION

Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that: (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, is not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

eResearch analysts on this report: Nigel Heath, CFA. Nigel Heath has been analyzing companies from both a fixed income and equity perspective for 17 years. His experience extends to both Dominion Bond Rating Service where he was a sector lead analyst and a member of the Rating Committee, and at RBC Capital Markets where he served in London, England to gain an international perspective. He has held responsibility for analyzing companies in the following sectors: industrials, natural resources, energy, autos, and financial services. He graduated from Ryerson University with a Bachelor of Business Management (Accounting/Finance).

Bob Weir, B. Comm, B.Sc., CFA. Bob Weir has been involved in an analytical capacity since 1966, with both the securities and the real estate industries. Initially with Wood Gundy Limited in London, England, he spent nine years with that firm in a securities research capacity. He spent the next twenty years in the real estate business as analyst, consultant, and broker before joining Dominion Bond Rating Service Limited in 1994. He eventually became Executive Vice-President of DBRS and was responsible for supervising the firm's 34 analysts and for running the company on a day-to-day basis. He joined eResearch in September 2004.

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Beverly Brooks

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Hold:	Expected total return within the next 12 months is between 0% and 10%.
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Medium Risk:	<i>Financial</i> - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend. <i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry
Low Risk:	<i>Financial</i> - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock. <i>Operational</i> - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.

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