



MANAGEMENT DISCUSSION AND ANALYSIS

For the year ending October 31, 2010

February 17, 2011

The following Management Discussion and Analysis (“**MD&A**”) provides information that management considers to be relevant to an assessment and understanding of Skyline Gold Corporation’s (“**Skyline**” or the “**Company**”) financial condition and the results of its operations and cash flows for the year ending October 31, 2010. This discussion should be read in conjunction with the Company’s consolidated financial statements and related notes (the “**Financial Statements**”) for the year ending October 31, 2010 which have been prepared in accordance with Canadian generally accepted accounting principles. All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where otherwise noted. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com and on the Company’s website at www.skylinegold.com.

Company Overview

Skyline is a junior mineral exploration company that trades on the TSX Venture Exchange (“**TSX**”) under the symbol SK. The Company is a reporting issuer in British Columbia, Alberta and Nova Scotia. Skyline’s principal business activities are the identification, acquisition, exploration and development of mineral resource properties to increase shareholder value by advancing projects in a manner that optimizes the potential of a property while minimizing expenditures. The Company’s principal asset is the Iskut Property in the heart of the Golden Triangle of northwestern British Columbia. The Iskut Property is directly adjacent to the historic Snip Gold Mine initially operated by Cominco Ltd., then Homestake Canada Mining Co., and is 40 km west of Barrick Gold’s former producing Eskay Creek Gold Mine.

Skyline has successfully advanced the Bronson Slope Deposit through a Preliminary Assessment with a resource estimate that carries Measured, Indicated and Inferred inventory. Future exploration may further increase all three of these resource categories. The Company is aware of a number of previously identified and under-explored targets within its expanded land base. The Company’s focus now will be to thoroughly review the existing data, and prioritize these targets for follow-up exploration work. The Company also believes that large inventories of additional high-grade gold structures as well as numerous base metal targets have yet to be discovered in the area. The Company has acted aggressively in acquiring additional property and expanding the geological team with technically strong seasoned explorationists.

Skyline’s strategy is to:

- Closely review the best approach to advance the Bronson Slope Deposit. Once the Bronson Project Preliminary Assessment technical report has been fully reviewed a plan of action will be deployed. It is currently viewed that higher grade material will be required as front end mill feed to enhance the short term economics of the Bronson Deposit;
- Further develop a dominant mineral tenure position in the gold-rich Snip Gold Mine camp area in the Iskut Valley region and methodically explore the Property with a view to
 - building a multi-million gold ounce resource base, and
 - providing high-grade mill feed that will enhance the economic returns of the Bronson Slope project;



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- To complete an extensive compilation of all available historical geological data for the extensive land holdings now under the Company's management;
- Prioritize the existing exploration targets and layout a series of aggressive exploration programs starting in the 2011 field season;
- Explore for undiscovered high-grade gold mineralization;
- Complete sufficient surface exploration work early this season to target a disciplined drill program anticipated to start in the fall of 2011;
- Continue to develop positive and respectful relations with First Nations and local communities;
- Apply best practices in community relations and environmental management; and
- Maintain cooperative working relations with regulatory agencies.

Exploration Overview

The Company's new focus, with its new experienced explorationists, will be to explore their highly prospective land position for higher grade mineralization that can be potentially added as early stage mill feed to improve the economics of the Bronson Slope Deposit. The technical team at Skyline is convinced there is excellent potential to discover high-grade resources that will greatly increase share holder value.

With the application of current exploration techniques to the gold-rich Snip Gold Mine camp, the Company expects to achieve these long term goals. Skyline recognizes the premium accorded to companies with the successful expansion of high-grade precious and base metal resources. The Company plans to enhance the Bronson Slope project's potential by increasing the resource base and increasing grade of any potential mill feed.

The Iskut Property - Bronson Slope

The Bronson Slope Deposit is situated on the Iskut Property in the metallogenetically important Stewart-Iskut River area of northwestern British Columbia, Canada. It is 100% owned by Skyline subject to a 3.5% net smelter return ("NSR") on a portion of the mineral tenures 517750 and 517754 (which portion was formerly known as the "Highwall Claims"). The Company has the right to buy-back that NSR for \$500,000.

The Iskut Property is situated in a weather zone moderated by the Pacific coastal climate. The Bronson Slope project is currently accessible by air and also by water from the Iskut River; the project is located approximately 300 km by road, subject to completion of a 27 km access road, northwest of tidewater at Stewart, British Columbia. It is 280 km northwest of Terrace, British Columbia and 80 km east of Wrangell, Alaska.



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On January 28, 2010, the Company released a mineral resource estimate by Al Burgoyne, P.Eng. M.Sc.; Arnd Burgert, P.Geo.; and Gary Giroux, P.Eng. M.A.Sc. that assumed an economic cut-off grade of 7% magnetite by weight. The Bronson Slope Measured and Indicated magnetite resource detailed in the report was 100,640,000 tonnes grading 8.8% magnetite, at a stand-alone base case cut-off grade of 7% magnetite, for a total Measured and Indicated estimate of 8,900,000 tonnes of contained magnetite. A larger resource, based on a by-product cut-off grade of 2% magnetite, was subsequently included in an update to the Preliminary Economic Assessment (see below). The 2% magnetite Measured and Indicated resource from Burgoyne, Burgert and Giroux was 163,160,000 tonnes grading 7.3% magnetite, for a total Measured and Indicated estimate of 11,880,000 tonnes of contained magnetite. Metallurgical testing carried out in 2008 under the direction of Dr. Bern Klein of B.C. Mining Research ("BCMR") of Vancouver, indicates the potential to add magnetite as a significant increase in metal production in addition to gold, copper, and silver production from the proposed milling facility at Bronson Slope and that recoveries up to 95% could be achieved. A conventional magnetic separation process can be used to recover the magnetite from the tailings generated after processing the Bronson Slope sulphide ores to recover gold, copper and silver.

On June 29, 2010, the Company purchased six mineral tenures in the Iskut River valley with a combined area of 2,250 hectares (the "**Newcastle**" mineral tenures) now incorporated into the Bronson Slope property. The consideration comprised an initial payment of \$400,000 in the form of 2,139,037 issued common shares of the Company (completed) and a final payment by June 29, 2011, at the Vendor's option, of either 1,426,025 common shares of the Company or \$400,000 in cash.

On November 19, 2009, the Company acquired four mineral tenures with a combined area of 1,800 hectares (the "**Chebry**" mineral tenures), also incorporated into the Bronson Slope property, under the following purchase terms.

1. An initial payment of \$50,000 (completed) with \$50,000 of geophysical work required on the property during the first 12 months. The geophysical field work is now complete and the Company awaits the report from the contractor, and
2. Payment of either \$75,000 or delivery of 300,000 Skyline Gold common shares to the vendor by November 17, 2010 with the choice of cash payment or Skyline Gold common shares at the option of the vendor. (300,000 common shares of the Company were issued in October 2010), and
3. Final payment, in cash, of \$500,000 by November 17, 2011.

In addition, on February 1, 2010, the Company acquired through staking four mineral tenures comprising a total of 1,652 hectares in close proximity to the Bronson Slope and also in the Iskut River valley in the Snip Gold Mine camp area.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.



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During November 2010, the Company agreed and received TSX approval to acquire the Inel mineral tenures in the Iskut region of British Columbia which are adjacent and near to the Company's current tenure holdings in return for total payment of \$1,406,000 to St. Andrew Goldfields Ltd. Payment is comprised of an initial payment of 2,179,845 common shares of the Company, issued on November 25, 2010, valued at \$0.3225 per share and, at the option of the Vendor, a final payment of either \$703,000 in cash or 1,453,380 common shares valued at \$0.4837 per share on or before November 17, 2011. The Inel tenure holdings carry significant potential with numerous gold, silver, and base metal occurrences including five areas of mineralization that have undergone historic exploration. These include the AK zone, the Inel Stockwork, the Gim Gold zone, the Khyber Pass and nearby Pyramid Hill areas.

2010 Preliminary Assessment Technical Report

The Company announced the results of a new Bronson Project Preliminary Assessment ("PA") technical report on September 23, 2010 prepared by Moose Mountain Technical Services ("MMTS") which updates a preliminary assessment released in February 2009 by Leighton Asia Ltd. ('Leighton'), a division of The Leighton Group.

The PA report provides an update of the economic analysis of the deposit and includes a mine plan and project cost estimate showing positive economics and a basis for further advancement of the project. A summary of the report's findings are as follows:

Project Economics

- The PA projects a 38 year life-of-mine ('LOM') with production of 1.757 million oz. of gold, 383.624 million pounds of copper, 6.8 million ounces of silver and 9.66 million tonnes of high purity magnetite powder. Economic evaluation of the Project is based on a pre-tax financial model. For the project as defined in this update of a 38 year LOM project with 191 million tonnes of mill feed, the financial results using base case inputs as above are:
 - Internal Rate of Return 21.5 %
 - NPV (7.5% discount rate) CAD 330.2 million
 - Initial Capital CAD 257.6 million
 - Pay Back Period 3.8 operating years (from mill start up)
 - NPV (0% discount rate) CAD 1.406 billion

The project economic model utilizes base case LOM average metal prices of (USD) \$950/oz. gold, \$2.50/lb. copper, \$15/oz. silver, \$90 /tonne (FOB Bronson Slope) for high purity magnetite powder and an exchange rate of 0.90 USD/CAD.

The production of high purity magnetite powder uses data from the N.I. 43-101 compliant magnetite resource that the Company announced in January 2010 (see above). The Bronson Slope mine is projected to produce this magnetite powder to meet specifications required for specialty applications including cleaning of metallurgical coal using a dense media separation process.



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The financial model base case initial capital cost of CAD 257.6 million (USD 231.8 million) includes contingencies and sustaining capital of CAD 38.5 million (USD 34.7 million) over the life of project. No allowance is made for working capital, salvage value or reclamation and closure costs in the financial model.

The PA provides an economic analysis of the Bronson Slope project based upon an open pit operation with in-pit crushing and an electrically powered conveyor system descending approximately 400 m from the pit to a 15,000 tonne per day copper flotation and gravity gold separation processing plant. Tailings will be carried to the tailings facility by pipeline.

A sensitivity analysis of the inputs to the PA was completed by MMTS with pre-tax results as follows:

	Internal Rate of Return (IRR)	Net Present Value (NPV) (CAD Million)
Base Case (7.5% discount rate)	21.5%	330.2
Metal Price		
Current Prices (Sept, 2010) ¹	35.2%	684.2
10% Decrease from Base Case	16.2%	199.7
10% Increase from Base Case	26.5%	460.8
Recovery		
10% Decrease from Base Case	17.6%	232.5
OPEX		
20% increase from Base Case	16.4%	198.6
10% decrease from Base Case	23.8%	396.1
CAPEX		
20% Increase from Base Case	17.4%	280.9
10% Decrease from Base Case	24.2%	354.9
Exchange Rate		
1CAD = 0.95 USD	18.9%	264.6
1 CAD= 0.85 USD	24.3%	403.5
Discount Rate		
5%		514.2
10%		215.2

¹ Current prices used are (USD) \$1,250 /oz. Gold; \$3.50 /lb. Copper; \$20 /oz. Silver; \$90 /tonne Magnetite

Life of mine average operating costs are:

	CAD / tonne Milled	USD / tonne Milled
Direct Mining Costs	\$ 3.21	\$ 2.89
Overhead and Administration	\$ 0.98	\$ 0.88



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Processing Costs	\$ 6.33	\$ 5.70
Total:	\$ 10.52	\$ 9.47

The three-phase mine plan includes a total mined resource as follows:

Phase 1, 2 & 3 (Total) - Tonnes and Grades (\$9/t NSR Cut-off)					
Category	Metric tonnes (000)	Copper (%)	Gold (g/t)	Silver (g/t)	Magnetite (%)
Measured	84,153	0.151	0.420	2.221	5.9
Indicated	102,738	0.098	0.310	2.168	4.8
Total Measured and Indicated	186,891	0.122	0.360	2.192	5.3
Inferred	4,944	0.074	0.321	2.187	3.7
Total Waste	147,499	Strip Ratio: 0.77 (Waste tonnes / Mill Feed tonnes)			

LOM gold cash cost, net of by-product credits using base case metal prices, is (USD) \$98 /oz. With production costs distributed pro-rata by revenue generated by each metal produced, LOM average cash costs of production are:

	Gold [USD /oz.]	Copper [USD /lb.]	Silver [USD /oz.]	Magnetite [USD/tonne]
Project Cash Costs	\$ 554	\$ 1.46	\$ 8.74	\$ 53.9
Cash cost net of copper, silver and magnetite credits	\$ 98			

Metal recoveries from mill feed utilized in the PA are based upon prior metallurgical studies of the Bronson Slope deposit and are Gold: 85.4%, Copper: 86.6%, Silver: 63.7%.



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The PA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment for those tonnes of mill feed will be realised. The amount of Inferred resource is relatively small, however, of more significance, the accuracy of the technical design and costing used in this report is at a scoping level and for these reasons all the resources cannot be categorized as mineral reserves, and there is no certainty that the preliminary assessment for those tonnes will be realised.

The PA report was prepared by Qualified Person Jim Gray, P.Eng. and was filed by the Company on SEDAR .

Action Plan

The following action plan is dependent upon the availability of financing and final Board approval.

- Initiate a comprehensive compilation of the exploration data for the properties held by Skyline;
- Review and implement appropriate geophysical surveys to assist in delineating exploration targets throughout the Property;
- Acquire strategic mineral properties in the Snip Gold Mine camp area, as merited, with additional gold and silver exploration targets to meet the Company's objectives
- Raise funds to finance the Company;
- Continue to explore the Snip-1 tenure high grade exploration intercepts near surface, as located by exploration drilling in October 2009 and June 2010, as well as explore the Bronson Slope basin with a goal of identifying a high-grade gold and silver resource as early stage mill feed for the Bronson Slope project;
- Review recommendations from the PA and confirm a work plan to advance the project;
- Request MMTS review and confirm the draft gap-analysis completed by SRK establishing the resources, level of effort and timeline required to technically advance the Bronson Slope project through to feasibility study;
- Advance discussions toward a Participation Agreement with the Tahltan Band and Iskut First Nation;
- Advance the Environmental Assessment and permitting process;
- Develop the Company's strategic hydro licences; and
- Continue the reclamation of the Johnny Mountain site.



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The Iskut Property – other than Bronson Slope

The Iskut Property excluding the Bronson Slope project is also owned 100% by Skyline.

Ongoing and Future Developments

Iskut Property - Bronson Slope

On May 31, 2010 the Company announced that it had initiated a 2,000 m drill program to explore the high grade zone of the Snip-1 tenure. Drilling was completed on June 24 and assay results were released to market. A geophysical survey of part of the Chebry and Snip-1 tenures was completed during this period.

The Company's focus is to explore the property for additional high grade gold mineralization to provide mill feed for the Bronson Slope project. Ultimately, as the Bronson Slope project advances to production there are three key steps to meet that goal, namely, to complete a feasibility study with a view to maximizing the project internal rate of return and metal production profile; to complete the environmental assessment and permitting process, and to achieve a participation agreement with the First Nations.

The Company intends to explore its mineral properties including the high-grade gold and silver zone on the Snip-1 tenure with a view to delineating a high-grade early-stage resource as mill feed to maximize the Bronson Slope project returns and enhance its metal production profile.

Skyline is also working on developing local hydro assets as an alternative power source for its Bronson Slope deposit. Some of those hydro assets have the potential to generate, with water storage, the power needed to operate the Bronson Slope project.

Iskut Property - Johnny Mountain

Management is preparing a revised plan for the reclamation, care and maintenance of Johnny Mountain with the intention to submit a new plan to government to replace the existing Johnny Mountain mine site final closure and reclamation plan. The ultimate amount of the reclamation obligations is uncertain and future changes to these estimates of the obligations will be made prospectively.

Iskut Property – First Nations

In recognition of the need for discussion regarding respect for First Nations' interests in their claimed traditional territory, the Company continues its informal dialogue with the Tahltan First Nation. The communication process will assist the Company in working toward an impact benefits agreement facilitating the permitting process.



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Additional Exploration Targets

The Company significantly expanded its land base in the previous year and continues to seek opportunities to consolidate its exploration properties. The properties acquired contained a number of identified anomalies that the geological team believes urgently warrant additional exploration work to confirm the need for further work or to refine the additional work that is justified by the potential economic benefit. There are a significant number of targets and more will likely appear from the consolidation of existing geological information on the consolidated land package.

Results of Operations and Financial Condition

Selected Annual Information

For the Years Ended October 31,	2010	2009	2008
Total interest income ¹	\$ 970	\$ 5,857	\$ 12,088
Net and Comprehensive loss	\$ (1,273,102)	\$ (878,763)	\$ (349,333)
Per share ²	\$ (0.01)	\$ (0.01)	\$ (0.02)
Total assets	\$ 10,024,822	\$ 5,716,840	\$ 4,827,844
Total long-term financial liabilities	\$ (1,406,234)	\$ (842,421)	\$ (895,897)
Cash dividends declared per share ³	\$ 0.00	\$ 0.00	\$ 0.00

¹ Skyline is an exploration company with no producing properties at this time, consequently the Company does not have revenues from operations.

² Fully diluted per share amounts equal basic per share amounts as the dilutive effect is anti-dilutive.

³ No dividends were declared or paid nor are any contemplated.

During the fourth quarter of fiscal year 2010, the Company:

- Issued 5,536,108 common shares for proceeds of \$646,437 upon conversion of 5,536,108 share purchase warrants.
- Issued 5,128,628 units for proceeds of \$718,008. Finders' fees of \$50,410 were paid in cash. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.17 per share during the period to August 2012.
- Issued 1,251,341 flow-through common shares for proceeds of \$212,728.
- Issued 2,302,500 units for proceeds of \$921,000. Finders' fees of \$11,900 were paid in cash. Each unit



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consists of one flow-through common share and one-half flow-through share purchase warrant. Each whole warrant entitles the holder to purchase one additional flow-through common share of the Company at a price of \$0.60 per share during the period to April 2012 (subject to accelerated expiry if the closing price of the Company's common shares is at a price equal to or greater than \$0.90 for a period of 10 consecutive trading days).

- Issued 300,000 common shares valued at \$75,000 in consideration of the second payment due for the Chebry mineral tenures.
- Made net mineral property exploration expenditures of \$642,747 mainly on the Bronson Slope and Snip-1 properties.

During the first nine months of fiscal year 2010, the Company:

- Issued 4,711,167 common shares for proceeds of \$385,253 upon conversion of 4,711,167 share purchase warrants.
- Issued 4,993,334 units for proceeds of \$599,200 of which \$291,200 was subscribed in the second quarter. Finders' fees of \$22,248 were paid in cash and share issue costs were \$11,594. Each unit consists of one common share and one-half share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.15 per share during the period to May 2011.
- Converted \$111,875 loans payable to 1,721,154 of the Company's common shares.
- Acquired the Newcastle mineral tenures for total purchase consideration of \$800,000 of which the first payment was made for \$400,000 in the form of 2,139,037 common shares.
- Made net mineral property exploration expenditures of \$1,170,393 mainly on the Bronson Slope property.
- Received \$291,200 cash as share subscriptions for the Company's common shares issued in the third quarter of fiscal year 2010.
- Issued 2,500,000 flow-through common shares by private placement for proceeds of \$250,000. Finders' fees of \$17,500 were paid in cash and share issue costs were \$11,968.
- Acquired the Chebry mineral tenures for total purchase consideration of \$625,000 of which the first payment was made for \$50,000 cash.
- Announced the receipt of a National Instrument (**N.I.**) 43-101 compliant magnetite resource estimate technical report for the Bronson Slope. The full 2010 Magnetite Technical Report has been posted on SEDAR at www.sedar.com and is also available on the Company's website at www.skylinegold.com.
- Obtained an independent opinion in a letter dated October 29, 2009 from Chase River Contracting Ltd. that provides guidance of an estimated sale value of \$1,800,000 (an estimated \$900,000 after selling costs) for the Company's entire mill equipment in situ at Johnny Mountain that has a book value of \$1.



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Net Loss for the year ended October 31, 2010 compared to the year ended October 31, 2009

The Company incurred a net loss of \$1,273,102 for the year ended October 31, 2010 compared to a loss of \$878,763 for the year ended October 31, 2009, an increase in net loss of \$394,339. Significant areas of change are as follows:

Stock-based compensation: \$563,820 during the year ended October 31, 2010 compared to \$nil for the year ended October 31, 2009, a loss increase of \$563,820. This expense relates to the fair value recorded for share options granted during the year calculated using the Black-Scholes option pricing model, no options were granted during fiscal year 2009.

Future income tax recovery: \$163,381 during the year ended October 31, 2010 compared to \$108,344 for the year ended October 31, 2009, a loss decrease of \$55,037.

Accretion expense: \$181,736 during the year ended October 31, 2010 compared to \$257,465 for the year ended October 31, 2009, a loss decrease of \$75,729. The accretion relates to the present value of the Company's estimated reclamation obligations for its Johnny Mountain and other areas of the Iskut property.

Salaries and benefits: \$269,828 during the year ended October 31, 2010 compared to \$300,450 for the year ended October 31, 2009, a loss decrease of \$30,622. The lower total expense is due to a change in management during the fiscal year 2010.

Legal, audit and accounting: \$110,434 during the year ended October 31, 2010 compared to \$137,994 for the year ended October 31, 2009, a loss decrease of \$27,560. The decrease is due to contracting accounting services previously performed by a salaried employee, since terminated, offset in part by legal fees to a law firm in which a director is a member.

Consulting fees: \$1,537 during the year ended October 31, 2010 compared to \$26,354 for the year ended October 31, 2009, a loss decrease of \$24,817.

Transfer fees, regulatory fees and public relations: \$66,538 during the year ended October 31, 2010 compared to \$44,917 for the year ended October 31, 2009, a loss increase of \$21,621. The increase is mainly due to the increase in common share issuances, 30,583,269 during fiscal year 2010 compared to 27,616,445 during fiscal year 2009.



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Cash flows for the year ended October 31, 2010 compared to the year ended October 31, 2009

During the year ended October 31, 2010, cash used in operating activities increased by \$60,338 to \$722,942 compared to cash of \$662,604 being used for operations in the year ended October 31, 2009. The increase was due mainly to greater outflows for accounts payable and accrued liabilities to suppliers and consultants as well as for recoverable GST/HST to the government of Canada.

During the year ended October 31, 2010, cash provided by financing activities increased by \$1,749,522 to \$3,444,464 compared to cash of \$1,694,942 provided by financing activities in the year ended October 31, 2009. The financing inflows in the current period were generated by the issue of 16,175,803 common shares by private placement for proceeds of \$2,535,936 (October 31, 2009 – 26,718,754 common shares by private placement for proceeds of \$1,652,150) and the issue of 10,247,275 common shares upon the exercise of warrants for proceeds of \$1,031,690 (October 31, 2009 – 250,000 common shares upon the exercise of warrants for proceeds of \$20,000) less share issue costs which include finders' fees.

During the year ended October 31, 2010, cash used in investing activities increased by \$1,031,283 to \$1,674,446 compared to cash of \$643,163 being used for investing activities in the year ended October 31, 2009. The increase was due to a higher level of exploration activity on the Company's Iskut mineral properties, principally the Bronson Slope, as well as the acquisition of the Newcastle and Chebry mineral tenures.

During the year ended October 31, 2010, the annual transactions resulted in a net increase in cash of \$1,047,076 for an ending cash position of \$1,479,775 compared to \$432,699 at October 31, 2009.

Capital property expenditures for the year ended October 31, 2010 compared to the year ended October 31, 2009

During the year ended October 31, 2010, the Company made net capital property additions of \$3,245,647 compared to additions of \$558,730 in the year ended October 31, 2009. Net additions at October 31, 2010 include purchase and acquisition costs amounting to \$1,432,507 which includes 2,439,037 common shares issued at a fair value of \$475,000 compared to purchase and acquisition costs of \$11,700 at October 31, 2009 with no shares issued for mineral properties. Also included in net additions at October 31, 2010 were maintenance, exploration and development costs of \$1,813,140 compared to maintenance, exploration and development costs of \$547,030 at October 31, 2009. The total increase of \$2,686,917 in net capital property additions is reasonable and expected considering the greater amount of exploration activity on the Iskut mineral properties, mainly Bronson Slope and the mineral tenure purchases of Newcastle and Chebry.



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Liquidity and Capital Resources

At October 31, 2010, the Company had cash of \$1,479,775 compared to \$432,699 at October 31, 2009. The Company had working capital of \$240,350 at October 31, 2010 compared to a working capital deficit of \$331,715 at October 31, 2009. At October 31, 2010, the Company had \$620,110 of flow-through proceeds to be expended on flow-through eligible expenditures by December 31, 2012 compared to flow-through proceeds of \$700,998 at October 31, 2009 of which \$165,898 was to be expended by December 31, 2010 and \$535,100 by December 31, 2011.

Subsequent to year end and as of the date of this MD&A, the issue of 525,000 flow-through units by private placement has provided gross proceeds of \$210,000 less finders' fees and other share issue costs of \$12,600, the collection of subscriptions receivable provided proceeds of \$165,000, GST / HST receivable collections and other income have provided proceeds of \$107,324 and general and project expenditures have totaled \$955,002. At the date of this MD&A, the Company holds cash and cash equivalents of \$994,497.

At the date of this MD&A, the Company has 6,374,731 common share purchase warrants outstanding and, if the warrant holders exercise their rights to exchange all such warrants, Skyline would receive proceeds of \$1,643,683 on or before August 26, 2012.

At the date of this MD&A, the Company has 10,488,000 common share purchase options granted under the Company's incentive share option plan, if all options are exercised, the Company would receive proceeds of \$1,350,720 on or before October 4, 2015.

To continue to meet current and ongoing working capital requirements and to fund continued exploration and reclamation, the Company will need to complete additional equity financings, acquire cash flow or dispose of assets.

Related Party Transactions

During the year ended October 31, 2010, the Company incurred \$43,628 for legal expenses and share issue costs from a law firm of which a director is a member. At year end, \$943 is included in accounts payable. During the year ended October 31, 2009, the Company incurred \$86,678 for legal expenses and share issue costs from the same law firm.

The above transactions are in the normal course of operations, occurring on terms that are similar to those transactions with unrelated parties and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



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Fourth Quarter

The loss during the fourth quarter ended October 31, 2010 was \$242,924 compared to the third quarter loss of \$244,707. The reduction of net loss of \$1,783 was not significant itself, but was made up of offsetting fluctuations in such expenses including, but not limited to, stock-based compensation which increased by \$78,820 due to vesting of additional stock option grants; accretion expense which decreased by \$40,568 due to revaluation of estimated future reclamation obligation costs; legal, audit and accounting fees which decreased by \$55,034 due to changing estimates for year end professional fees; and insurance expense which increased by \$12,623 due to the expiration and renewal during the quarter of existing policies.

Summary of Quarterly Results

Selected consolidated information has been gathered from quarterly financial statements for each of eight financial periods, and is as follows:

Quarter ended	31-Oct-10	31-Jul-10	30-Apr-10	31-Jan-10
Capitalized net property acquisition and exploration costs	\$ 585,254	\$ 1,241,038	\$ 676,144	\$ 743,211
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net and Comprehensive loss for the quarter	\$ (296,639)	\$ (244,707)	\$ (566,319)	\$ (165,437)
Per share	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00
Including:				
Accretion of reclamation costs	\$ (15,008)	\$ (55,576)	\$ (55,576)	\$ (55,576)
Depreciation	\$ (10,666)	\$ (11,231)	\$ (11,826)	\$ (12,452)
Stock-based compensation	\$ (128,820)	\$ (50,000)	\$ (385,000)	\$ 0
Flow-through interest costs	\$ (2,468)	\$ 0	\$ (9,761)	\$ 0
Future income tax recovery	\$ (3,912)	\$ 59,383	\$ 49,217	\$ 58,693

Quarter ended	31-Oct-09	31-Jul-09	30-Apr-09	31-Jan-09
Capitalized net property acquisition and exploration costs	\$ 460,408	\$ (46,392)	\$ 32,548	\$ 112,166
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net and Comprehensive loss for the quarter	\$ (114,041)	\$ (200,118)	\$ (207,005)	\$ (357,599)
Per share	\$ (0.01)	\$ 0.00	\$ 0.00	\$ 0.00
Including:				
Accretion of reclamation costs	\$ (62,359)	\$ (62,359)	\$ (62,360)	\$ (70,387)
Depreciation	\$ (13,111)	\$ (13,806)	\$ (14,537)	\$ (15,307)
Stock-based compensation	\$ 0	\$ 0	\$ 0	\$ 0
Flow-through interest costs	\$ 0	\$ 0	\$ 0	\$ (5,188)
Future income tax recovery	\$ 79,679	\$ 52,932	\$ 76,543	\$ (100,810)



MANAGEMENT DISCUSSION AND ANALYSIS

For the year ending October 31, 2010

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Proposed Transactions

The Company does not currently have any proposed transactions approved by the board of directors. All current transactions are fully disclosed in the audited financial statements for the year ended October 31, 2010.

Financial Risks and Uncertainties

Skyline's securities are speculative and subject to a number of risks which might prevent Skyline from reaching its business objectives, including successfully confirming the existence of and developing resources on its Iskut property. Future financings cannot be guaranteed as external factors are beyond the control of management and exploration and development results cannot be assured. The Company does not have any operating revenues and does not anticipate any operating revenues until it is able to place a profitable mining operation into production. Share price, general market conditions and commodity prices may affect investor preferences and interest in resource properties and the development of, and production from these properties. This may adversely affect the Company's ability to raise capital to acquire, explore and develop properties.

Substantial funding is required to advance the Bronson Slope Project. The funds raised through the issuance of equity securities will reduce the percentage ownership of current shareholders and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common shares. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. A prospective investor or other person reviewing Skyline for a prospective investment should not consider an investment in Skyline unless the investor is capable of sustaining an economic loss of the entire investment.

Operational Risks and Uncertainties

Operations are still at an advanced exploration stage and while there are positive results, there is no assurance that the exploration and development activities will result in a profitable mine. Some of the operational obstacles that may pose problems include road access, availability of power, recruitment of qualified individuals, obtaining necessary permits, environmental concerns, and title to surface and mineral rights.

Mine development and operational permits require extensive baseline environmental, geotechnical and community studies and consultations with interested parties and obtaining those permits is by no means assured. Other potential risks may result from changes in government regulations relating to land use, taxes, environmental policies and also the outcome of various settlements concerning title to surface and mineral rights which, in Canada, may be subject to First Nations claims.

The Company is dependent on its employees and contractors to carry out operations, as planned. The mining business is intensely competitive and skillful qualified individuals may not be as readily available subsequent to a downturn in a cyclical industry as they might be in industries with steady growth prospects. Also, failure of third parties such as drilling contractors in meeting their obligations under contracts or agreements may delay and/or negatively affect operations.



MANAGEMENT DISCUSSION AND ANALYSIS

For the year ending October 31, 2010

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Commitments and Contingencies

At the date of this MD&A, the Company's commitments and contingencies are as follows:



MANAGEMENT DISCUSSION AND ANALYSIS

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	Total	Payments due by period			
		< 1 year	1 - 3 years	4 - 5 years	> 5 years
Contingent commitments ^{1, 2, 3}	\$ 203,185	\$ 203,185	\$ -	\$ -	\$ -
Operating lease ⁴	15,055	15,055	-	-	-
Purchase obligations ^{5, 6, 7}	1,603,000	1,603,000	-	-	-
Asset retirement obligations ⁸	995,244	327,000	668,244	-	-
	<u>\$2,816,484</u>	<u>\$2,148,240</u>	<u>\$668,244</u>	<u>\$ -</u>	<u>\$ -</u>

1 Excludes a contingent commitment to issue up to 10,488,000 common shares under the Company's Share Option Plan.

2 At the date of this MD&A, the Company had a requirement to spend \$203,185 on qualifying Canadian exploration in accordance with the terms of flow-through agreements, to be incurred no later than January 31, 2012 and thereafter with the obligation to pay flow-through costs in the form of Part XII.6 tax.

3 At the date of this MD&A, the Company held cash and cash equivalents of \$994,497 of which \$203,185 is restricted for use on qualifying Canadian deferred exploration and development in accordance with the terms of the flow-through agreements.

4 The term of the Company's lease of its office premises in Richmond, BC expires on May 31, 2011. At the date of this MD&A, the remaining lease commitments amount to \$15,055.

5 On November 16, 2009, the Company purchased a 100% interest in four mineral tenures with a combined area of 1,800 hectares (the "**Cheby**" mineral tenures) located in the Liard Mining Division of British Columbia now subsumed under the Company's Iskut Property. The purchase consideration comprised cash payments of \$50,000 at the time of purchase; \$75,000 payable in cash or 300,000 common shares, at the Vendor's option (common shares were issued in October 2010 in settlement of the first installment); and a final \$500,000 cash installment on or before November 17, 2011. Expenditures on geophysical work were since completed in excess of \$50,000.

6 On June 29, 2010, the Company purchased a 100% interest in six mineral tenures with a combined area of 2,250 hectares (the "**Newcastle**" mineral tenures) located in the Liard Mining Division of British Columbia. The consideration comprised an initial payment of \$400,000 in the form of 2,139,037 common shares of the Company and a final payment by June 29, 2011, at the Vendor's option, of either 1,426,025 common shares of the Company or \$400,000 in cash.

7 During November 2010, the Company agreed and received TSX approval to acquire the Inel mineral tenures in the Iskut region of British Columbia which are adjacent and near to the Company's current tenure holdings in return for total payment of \$1,406,000 to St. Andrew Goldfields Ltd. Payment is comprised of an initial payment of 2,179,845 common shares of the Company valued at \$0.3225 per share and, at the option of the Vendor, a final payment of either \$703,000 in cash or 1,453,380 common shares valued at \$0.4837 per share on or before November 17, 2011.

8 The asset retirement obligations consist mainly of obligations to reclaim the Johnny Mountain mine site on the Iskut property. Reclamation obligations are to be funded from operating cash flows, reclamation deposits or cash on hand. The obligations are secured by term deposits and mining equipment which have carrying values at October 31, 2010 of \$246,467 and \$190,148 respectively.



MANAGEMENT DISCUSSION AND ANALYSIS

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Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period.

The calculation of asset retirement and reclamation obligations as well as stock-based compensation is dependent on inputs which are of a subjective matter and, accordingly, could vary significantly should the variables change. The Company has applied a valuation allowance against its future income tax assets on the basis the Company considers it more likely than not, at this time, that the future income tax assets will not be realized.

Other significant estimates made by the Company include rates for amortization of mining and other equipment, determination of accrued liabilities and determining fair values of financial instruments. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Changes in Accounting Policies including Initial Adoption

Changes not yet adopted

International Financial Reporting Standards (“IFRS”)

The CICA Accounting Standards Board (“**AcSB**”) published a strategic plan for the direction of accounting standards in Canada and in February 2008 announced that accounting standards in Canada for public companies will change over to IFRS for financial statements for fiscal years beginning on or after January 1, 2011. The transition date of November 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the impact of the transition to IFRS on the Company’s financial statements, beginning with the interim reporting period ending January 31, 2012, has not yet been determined.

It is expected that the Company will be able to manage the transition to IFRS from Canadian GAAP using internal resources with limited external assistance. The conversion project consists of three phases: 1) general planning and scoping, 2) detailed assessment of accounting policy differences and detailed conversion planning, and 3) implementation, parallel reporting and review. The Company has and will continue to review financial statement presentation, IT infrastructure, control environment and accounting policy choices available under IFRS in regards to the current operations of the Company.

During the Company’s scoping of IFRS compared to Canadian GAAP, the following areas have been identified as having the highest potential impact on the Company’s financial reporting: initial adoption of IFRS under the policies set forth in IFRS 1 “First-Time Adoption of IFRS”, exploration and development expenditures, asset retirement obligations, property plant and equipment, impairment of assets and stock-based compensation.



MANAGEMENT DISCUSSION AND ANALYSIS

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February 17, 2011

Business Combinations, Consolidated Financial Statements and Non-controlling Interest

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Estimated obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted.

In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011.

In January 2009, the CICA issued Handbook Section 1602, Non-controlling interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the IFRS on consolidated and separate financial statements. This standard is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011.

The Company is required to adopt Sections 1582, 1601 and 1602 concurrently; at this time the Company does not anticipate adopting these sections prior to the adoption of IFRS and therefore does not expect any impact to the financial statements.

Financial Instruments and Other Instruments

Financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale financial instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issuance of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

Comprehensive income or loss is defined as the change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. Other comprehensive income or loss consists of gains or losses affecting shareholders' equity that under Canadian GAAP are excluded from net income or loss.



MANAGEMENT DISCUSSION AND ANALYSIS

For the year ending October 31, 2010

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Capital Stock fully diluted as at February 17, 2011:

Authorized: Unlimited common shares without par value

Issued: 132,835,375 common shares

Options	Issue Date	Exercise Price	Expiry Date
Outstanding:			
3,550,000	25-Jul-08	\$ 0.10	25-Jul-11
5,210,000	09-Feb-10	\$ 0.10	09-Feb-15
376,000	02-Jul-10	\$ 0.17	02-Jul-15
376,000	31-Aug-10	\$ 0.21	31-Aug-15
976,000	04-Oct-10	\$ 0.34	04-Oct-15
10,488,000			

Warrants	Issue Date	Exercise Price	Expiry Date
Outstanding:			
2,396,667	06-May-10	\$ 0.15	06-May-11
2,564,314	26-Aug-10	\$ 0.17	26-Aug-12
306,250	25-Oct-10	\$ 0.60	25-Apr-12 *
845,000	26-Oct-10	\$ 0.60	26-Apr-12 *
262,500	05-Nov-10	\$ 0.60	05-May-12 *
6,374,731			

* subject to accelerated expiry date if the closing price of the Company's common shares is at a price equal to or greater than \$0.90 for a period of 10 consecutive trading days.

In addition, the Company may be required to issue a further 2,879,405 common shares in respect of mineral tenure purchases.

Fully diluted: 152,577,511 common shares

The Company also has authorized 300,000,000 preferred shares without par value. At the date of this MD&A, there were no preferred shares issued and outstanding.



MANAGEMENT DISCUSSION AND ANALYSIS

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Cautionary Statement

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans, and other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are advised not to place undue reliance on forward-looking statements.



MANAGEMENT DISCUSSION AND ANALYSIS

For the year ending October 31, 2010

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Other Information

Head Office

212 – 10451 Shellbridge Way
Richmond, BC V6X 2W8

Website

www.skylinegold.com

Directors and Management

Cliff Grandison – Director and Chairman
Patrick Soares – Director and Chief Executive Officer
Lorne B. Anderson – Director and Chief Financial Officer
W. (Sandy) Martin – Director and Vice President, Engineering
Linda Hogg – Director
Robert V. Matthews – Director
J. Christopher Mitchell – Director
Jeff Smulders – Director
Connie Norman – Corporate Secretary
Carol-Anne Lunshof – Corporate Controller

Registrar and Transfer Agent

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Vancouver, BC V6C 3B9

Legal Counsel

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1500 Royal Centre, 1055 West Georgia Street
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Auditor

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Listings

TSX Venture Exchange: Symbol “SK”