

**LOON - [MI93F061]**

On August 8, 1996, Paul Wojdak and I visited the Loon epithermal gold-silver prospect, 70 km south of Burns Lake (near the northeastern boundary with Tweedsmuir Park). Access is by logging road along the Chief Louis Road, southwards to approx. KM 9.5 and then a 40-minute hike along an ATV trail to the property. Val Van Damme (Hudson Bay Mining and Smelting Co.) very kindly displayed the core and showed us a few trenches (Note: outcrop is < 1%). The company had just completed a drilling program (6 holes totalling 5285 feet at a cost of approx. \$0.12 million) testing I.P. anomalies. At least 4 anomalies with a NNW-trend were tested; the target depth (vertical from surface) being approx. 200m.

In 1988, Mingold Resources discovered silicified and brecciated Ootsa Lake Group Tertiary rhyolitic rocks which contained up to 1026 g/t Ag and 5.4 g/t Au. In 1994 HBMS completed 773.4 m of diamond drilling in 5 holes (selected photos of core on file), testing I.P. anomalies. The best intercept (Loon 94-4) was 4.25 g/t Au and 29.7 g/t Ag over 2.35m. Wide intervals of anomalous gold and silver were obtained in 3 of the 5 holes. (eg. 45 ppb over 27m). Intense argillic and silicic alteration was intercepted in all holes.

The 1996 drilling was designed to test for DEEPER I.P. targets (i.e. to vertical depths of 200 to 250m) along a NNW-trending strike length of about 600m. The drill holes collared in Ootsa Lake Group rhyolites (welded, spherulitic flows, breccias) and went into green-coloured andesite (age unknown). The contact/transition zone was locally marked by a green (chloritic) alteration zone, sometimes fault controlled. HBMS believes the contact is at 310°/10° NE. The rhyolitic rocks have a gentle westerly dip. They are moderately to intensely clay (montmorillonite) and silica altered and locally brecciated. The silica can be in the form of a stockwork and includes drusy cavities. Mineralization consists of pyrite and marcasite in fractures and in breccias. These sulphides vary from coarsely crystalline to very fine-grained to colloform banding in highly silicified and/or massive sulphide zones. Gold and silver mineralization appears related to the presence of dark-grey chalcedony. We also examined a rock quarry near 8 km on the Chief Louis Road. Rhyolitic rocks are the same as observed at the Loon.

[NOTE: Unless some unexpected good assays are obtained, no further work is likely at Loon. However, the Uduk Lake property which adjoins Loon to the south, still requires follow-up].