

EXPLORATION HISTORY: In 1988 a prospecting crew employed by ~~Mingold Resources~~ discovered an outcrop of silicified, brecciated Tertiary rhyolites which contained up to 1026 g/t Ag and 5.4 g/t Au. They staked a number of claims and late in 1988 and during the summer of 1989 conducted soil sampling and resistivity surveys, mapping, hand trenching and rock sampling over the known occurrences. Two zones of stockwork, brecciated and silicified felsic volcanics were sampled and contained up to 6 g/t Au and 60 g/t Ag. Mingold Resources ceased operations in 1990 and the property remained dormant until 1993 when Hudson Bay acquired 100 percent interest in the property. In 1994 Hudson Bay completed 20.3 line kilometres of dipole-dipole I.P., soil sampling and 773.4 metres of diamond drilling in five holes (Figure 2). These holes tested the two known zones or strike extensions of the two zones as outlined by I.P. and one new zone which was outlined by the I.P. work. The best drill intercept (Loon 94-4) was 4.25 g/t Au and 29.7 g/t Ag over a core interval of 2.35 metres. It is interesting to note that wide intervals of anomalous gold and silver were obtained in three of the five holes. For example Drill hole Loon 94-1 intersected 45 ppb Au over a core interval of 27 metres and Loon 94-5 had a 10 metre interval averaging 29 ppb Au. Intense argillic and silicic alteration was intercepted in all holes. Geological observations from surface and diamond drilling and petrographic work by Mr. Russell Honea, consulting petrographer, indicate we have probably tested the upper shallow portions of an epithermal system(s).




REGIONAL GEOLOGY: The Loon property lies within the Nechako Plateau in the south central part of the Intermontane Tectonic Belt. The oldest rocks in the area are Mesozoic sediments and volcanics of island arc and back arc affinity. These include the Upper Triassic Takla and the Middle Jurassic Hazelton Group. The Mesozoic rocks are unconformably overlain throughout the region by Eocene Ootsa Lake Group flows, tuffs and domes of intermediate to felsic composition. The youngest rocks in the region are middle Tertiary Endako Group plateau basalts. Regional mapping shows Takla Group and overlying Hazelton Group rocks are separated from Eocene Ootsa Lake Group rocks by a northwest trending fault just east of Wolf Lake (Figure 2).

PROPERTY GEOLOGY: Outcrops of rock on the property are scarce and encompass approximately 3 percent of the claim area. Between Boot and Wolf Lake (Figure 2) a few outcrops of silicified rhyolites stand a few metres above the surrounding terrain. In three areas the rhyolites have been blast trenched and sampled. A small outcrop of Endako Group basalts occurs on the north part of the property. In outcrop the rhyolites are generally cream to orange weathering and white to greenish grey on the fresh surface. Most of the rocks appear to be flow-banded rhyolites with thin contorted lamina with occasional tuffs. The rhyolites (tuffs) appear to have a gentle west dip and the flow banding appears to be roughly conformable to bedding.

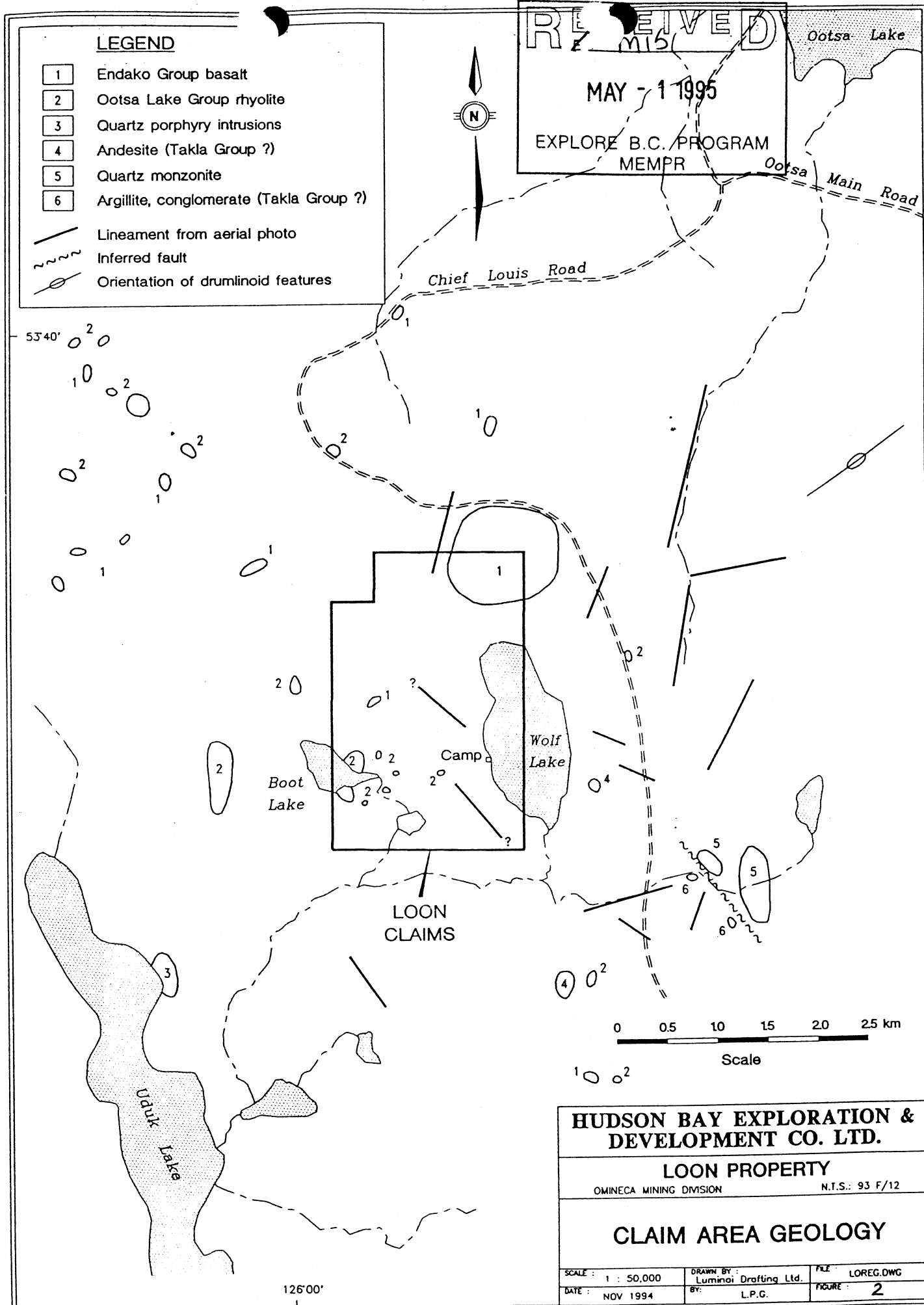
Mineralization consists of pyrite in several forms hosted mainly in fractures and breccias. Pyrite varies from coarsely crystalline to very fine grained exhibiting fine banding and open space type textures. Alteration comprises silicification and argillic (clay & sericite) alteration. Silica occurs in four main types: 1) replacement in tuffaceous layers 2) veinlet stockworks, stockwork breccias and veins 3) chalcedony breccia veins 4) Vuggy to drusy whitish grey to clear quartz filled fractures. Gold and silver mineralization appears related to dark grey chalcedony and argillically altered rock.

LEGEND

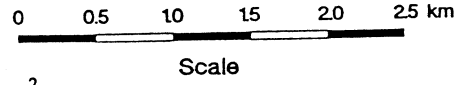
- 1 Endako Group basalt
- 2 Ootsa Lake Group rhyolite
- 3 Quartz porphyry intrusions
- 4 Andesite (Takla Group ?)
- 5 Quartz monzonite
- 6 Argillite, conglomerate (Takla Group ?)

-  Lineament from aerial photo
-  Inferred fault
-  Orientation of drumlinoid features

RECEIVED
 MAY - 1 1995
 EXPLORE B.C. PROGRAM
 MEMPR



53°40'



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| HUDSON BAY EXPLORATION & DEVELOPMENT CO. LTD. | | |
| LOON PROPERTY | | |
| OMINECA MINING DIVISION | N.T.S.: 93 F/12 | |
| CLAIM AREA GEOLOGY | | |
| SCALE : 1 : 50,000 | DRAWN BY : Luminai Drafting Ltd. | FILE : LOREG.DWG |
| DATE : NOV 1994 | BY : L.P.C. | FIGURE : 2 |

126°00'

Geochemically the altered rocks have similarities to other volcanic hosted precious metal deposits in Nevada and elsewhere. Antimony, arsenic and mercury are present in weak to very anomalous levels. In addition molybdenum is always present in the precious metal enriched zones.

PROPOSED PROGRAM: Hudson Bay proposes a three phased exploration program in 1995 which will be funded by our parent company, Hudson Bay Mining and Smelting Co. Ltd.

Phase 1 - Estimated starting date May 10th to be completed by June 15/95. This phase will comprise geological mapping, soil geochemistry, I.P., radiometric and magnetic surveys on a grid which will be oriented east-west with 100 metre lines. Soil samples will be collected every 25 metres on each line. The objective of this part of the program will be to define new targets for Phase 2 trenching.

Phase 2 - Estimated starting date August 15th to be completed by September 1st/95. This phase will comprise a backhoe trenching/sampling/mapping program. The objectives of this part of the program will be to explore new zones delineated during Phase 1 and determine the geometry of zones in order to spot the best locations for Phase 3 drilling.

Phase 3 - Estimated starting date October 15th to be completed by November 15th. A 1500 metre, 5 hole program is proposed to test the various zones at depths in excess of 100 metres.

PROGRAM LOGISTICS: We expect to staff the project with two experienced geologists, one prospector and two junior geologists. Contractors will be used for the geophysical surveys. A camp on the west side of Wolf Lake will serve as our base and Lakes District Air Service out of Burns Lake will provide air support.

