

Investors Brief



Houston Lake Mining

Symbol (exchange) **HLM** (TSX.V)
12 month price range .195 - .68
Price Close 8/25/06 .56

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Robert McLean
Director

John Kelly
Director

Corporate Profile

Houston Lake Mining ("HLM") is a vertically integrated resource company, actively exploring for Gold, Platinum Group Metal and Rare Metals with a strategic focus on Northwestern Ontario. Our objective in the short term is to become a gold producer, by surface mining our West Cedartree gold property and applying the profits towards the development of our 100% owned and optioned properties. Houston Lake has applied for a Mining Permit and intends to ship gold bearing rock to a third party mill for processing. Houston Lake's management team has over 100 years of collective mining experience from project inception to open pit and underground mine development, including production experience in gold, base metals and uranium.

West Cedartree Gold Project

The primary focus for 2006 is the West Cedartree Gold Project located near Kenora, Ontario. The property contains several high-grade, gold-bearing zones; the historic McLennan Gold Zone ("MGZ"), the recently discovered Angel Hill Gold Zone ("AHGZ") and several high grade vein systems on the Dogpaw Lake Property ("DPL"), an advanced stage gold project recently optioned (100%) to HLM, which contains an estimated pre NI43-101 resource of 53,741 tonnes grading 15.43 g/mt Au. The West Cedartree Gold Project now totals 862 Hectares (2129 acres) covering a 4.5 km (2.8 miles) span of the key geology.

In April 2006, a 1012 tonne bulk sample (grading 5.67 g/mt Au) was taken from surface on the AHGZ and processed at a third party mill. A total of 5,490.4 grams (176.5 ounces) was produced with a reported recovery of 93%. The bulk sample generated a cash settlement of \$131,894 and a net profit of \$51,848. The AHGZ has an inferred mineral resource of 106,400 tonnes grading 2.97 g/mt.

In 2006 an IP Geophysical Survey extended the MGZ and AHGZ strike length to 1500m. A nine hole 1037m (3402 ft.) diamond drill program was completed in May and intersected grades of over 7 g/mt Au in six of the holes. This drilling extended the Angel Hill gold mineralization to a depth of over 100m (328 ft.). The gold zone remains open to depth and to the south.

Tib Lake PGM Property

This 2,064 hectare (5,098 acre) property is located in the Thunder Bay area, 15km from North American Palladium's 15,000 t/pd mill. In 2006, Houston Lake signed an Option Agreement with Magma Metals of Australia granting Magma the right to earn a 70% interest. Magma is required to make exploration expenditures of \$CDN 2.6 million and cash payments of \$CDN 400,000 over five years. Houston Lake would have a 30% Free Carried Interest to the completion of a bankable feasibility study. Houston Lake may elect to have Magma secure financing for mine development for an additional 5% interest. Magma has announced a \$250,000 exploration program for 2006 consisting of airborne magnetic survey, geological mapping, and drilling.

Pakeagama Lake Rare Metals Project

Houston Lake's 100%-owned, 768 Hectare (1,900 acre) Rare Metals Project is located in the Red Lake Mining District of Northwestern Ontario. The combination of large size, internal zonation and high rare metals content makes the Pakeagama Lake pegmatite an important global exploration target for rare metals. Rare metals including tantalum, rubidium, cesium and lithium, are growing in demand with the increased importance of high technology. Tantalum is integral for micro-circuitry and medical implants; rubidium is necessary in the production of spark plugs and photoelectric cells; cesium is used in night vision glasses and deep sea drilling lubrication; and lithium is a component of headlights and vitamins.

Summary

Houston Lake management's strategy has been to acquire properties of merit in advance of current commodity cycles. The option agreement with Magma, reduces the development risk of the Tib Lake PGM Project and unencumbers potential future cash flow. Revenues from gold production should minimize dilution and pay dividends to shareholders as Houston Lake continues to develop its 100% owned properties and looks to define additional gold resources to justify locating a mill on the West Cedartree property.