

HY PROPERTY

Silver-zinc-lead skarn targets

- **Large, road accessible property hosts extensive silver-rich skarn prospects**
- **Numerous mineralized showings with significant trench and drill intercepts, including 370.3 g/t silver, 14.01% zinc and 8.22% lead over 3.20 m**
- **Property has not been systematically explored and has not seen mechanized work since late 1970s**

The Hy property hosts a number of silver-zinc-lead skarn occurrences. It is owned 100% by Strategic Metals Ltd. and is not subject to any underlying royalty interests.

The property encompasses 348 road accessible mineral claims (70 km²) that are located 120 km north of Watson Lake in southeast Yukon Territory (Figure 1). It is situated in a major mineral belt and is almost equidistant from the former Sa Dena Hes, Cantung and Wolverine mines.

Skarn mineralization is developed within a large roof pendant composed of Upper Proterozoic to Lower Cambrian Hyland Group clastic and carbonate metasediments and Devonian to Mississippian Earn Group siliciclastic shales and limestones (Figure 2). The roof pendant is surrounded and underlain by granodiorite of the Mid-Cretaceous Mt. Billings Batholith. The property is located in rolling to steep, sub-alpine to alpine terrain.

Silver-zinc-lead skarn mineralization was first discovered on the Hy property in 1964. Work performed within the property since that time includes: soil sampling, prospecting, geological mapping, geophysical surveying, hand and

mechanized trenching, and diamond drilling. Three mineralized zones were the primary focus of past exploration – the Miko, Marg and Dusty zones (Figure 2). The Marg and Miko zones are located in the eastern half of the property, while the Dusty Zone is located in the western half. The ground between these zones has seen little exploration. In addition to the property's lead-zinc-silver potential, some exploration efforts were focused on tungsten skarn and intrusion-related gold mineralization.



FIGURE 1: LOCATION MAP

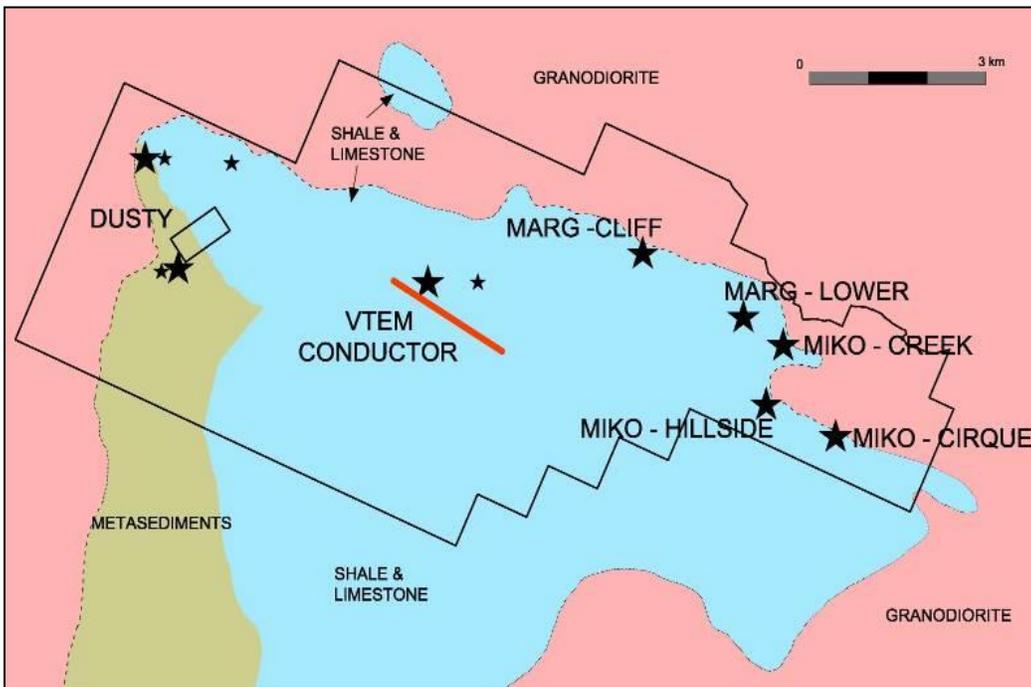


FIGURE 2: GEOLOGY AND MINERALIZED ZONES

The Miko, Dusty and Marg zones each comprise multiple showings, which typically consist of pyrrhotite, magnetite, sphalerite and galena with minor chalcopyrite and scheelite within limy beds that are skarnified near intrusive contacts.

The Miko Zone comprises the Creek, Hillside and Cirque showings. The Creek Showing is a poorly developed skarn that has been traced about for 100 m along strike and is up to five metres wide on surface. Bulldozer trenching

exposed a massive sulphide horizon, which graded 65.1 g/t silver, 21.56% zinc and 26.57% lead over 2.8 m.

The Hillside Showing lies approximately 900 m south of the Creek Showing. It consists of three separate skarn lenses, each 50 to 160 m long and up to 12 m wide. The mineralization occurs over a total length of 400 m. The best assays reported from trenching include 432.0 g/t silver, 0.93% zinc and 9.62% lead over 1.28 m, and 370.3 g/t silver, 14.01% zinc and 8.22% lead over 3.20 m. The best diamond drill interval returned 164.6 g/t silver, 2.35% zinc and 3.45% lead over 0.43 m.

The Cirque Showing is exposed 1800 m southeast of the Creek Showing. Mineralization is contained within a one metre wide band of siliceous epidote skarn traceable



PHOTO LOOKING EAST AT CLIFF SHOWING



for 60 m along the intrusive contact. Little data is available for this showing; however, a surface sample reportedly assayed 116.6 g/t silver, 0.20% zinc and 4.4% lead and the best diamond drill intersection returned 83.0 g/t silver, 4.30% zinc and 0.54% lead over 2.13 m.

The Dusty zone consists of fifteen showings in an area approximately two kilometres square. Much of the historical exploration was concentrated within two clusters of showings. A

PHOTO OF NEARLY MASSIVE SPHALERITE BOULDER COATED WITH HYDROZINCITE

mineralized specimen from the southerly of the two clusters reportedly returned 37.0 g/t silver, 4.85% zinc, 7.64% lead and 1.38% copper. Work at the other cluster, located 1200 m to the north, produced the results tabulated below:

Type	Length (m)	Zinc (%)	Lead (%)	Silver (g/t)
Trench	0.91	1.10	2.30	155.7
Trench	1.83	9.30	11.01	684.0
Drill	0.91	2.45	1.86	137.1



PHOTO LOOKING WEST FROM CLIFF SHOWING

In 2007, while following up mineralization within Dusty Zone, Strategic Metals discovered a promising new occurrence about 150 m east of the northerly cluster of showings. It consists of abundant sphalerite-rich, epidote-diopside skarn blocks found in an old road cut. A composite sample of chips from 20 mineralized boulders returned 245.0 g/t silver, 6.52% zinc, 2.00% lead, 0.12% copper and 98.7 ppm indium. The Marg Zone is divided into the Cliff and Lower showings. A mineralized horizon at the Cliff Showing has been traced for nearly 1100 m along strike and is up to 15.8 m wide. Significant diamond drill intersections from this horizon include 552.7 g/t silver, 5.30% zinc and 4.06% lead over 0.40 m.

The Lower Showing lies about two kilometres southeast of the Cliff Showing. A surface sample collected from this showing reportedly assayed

171.5 g/t silver, 7% zinc and 3% lead.



PHOTOS OF TYPICAL TERRAIN (LEFT) AND ACCESS ROADS (RIGHT) ON PROPERTY

The type deposit for exploration at the Hy property is the Sa Dena Hes skarn deposit located 85 km to the south. This deposit commenced production in 1991 with reserves of 5.1 Mt grading 64 g/t silver, 12.7% zinc and 4.2% lead but was shut down in 1992 due to low metal prices. During its 14 months in operation, the mine produced approximately 607,500 t of concentrate containing 374,400 t of payable zinc and 290,200 t lead. The mine was recently decommissioned.

Recommendations: Future work on the Hy property should include; systematic geological mapping and chip sampling within historical mechanized trenches to better constrain grades, controls and orientations of mineralization; excavator trenching within prospective parts of the historical trenches that did not reach bedrock due to permafrost or limitations of the equipment used; detailed prospecting around the periphery of the known mineralized zones; grid soil sampling and prospecting in the central part of property; track mounted reverse circulation or reverse air blast hole drilling to identify the most prospective areas with the skarn zones; and diamond drilling to establish grade and continuity.

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FOR MORE INFORMATION ON THIS PROPERTY



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