



GROUNDHOG PROPERTY

Numerous Silver-Lead-Zinc Showings and
Excellent Gold Potential

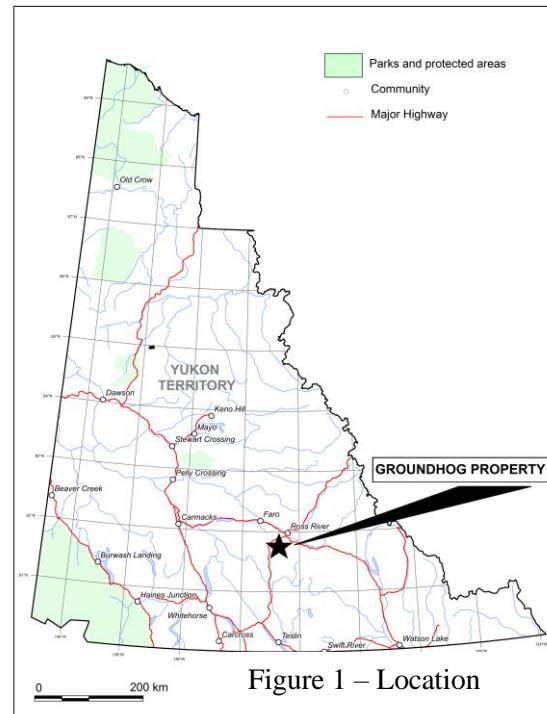
- Good infrastructure in a prolific, but inactive silver-lead-zinc district
- Sixteen mineral occurrences along a six kilometre trend
- Rock samples returning up to 13028 g/ton silver (380 oz/ton), 85% lead and 4.46% zinc
- Lightly explored gold target with good alteration and geochemistry

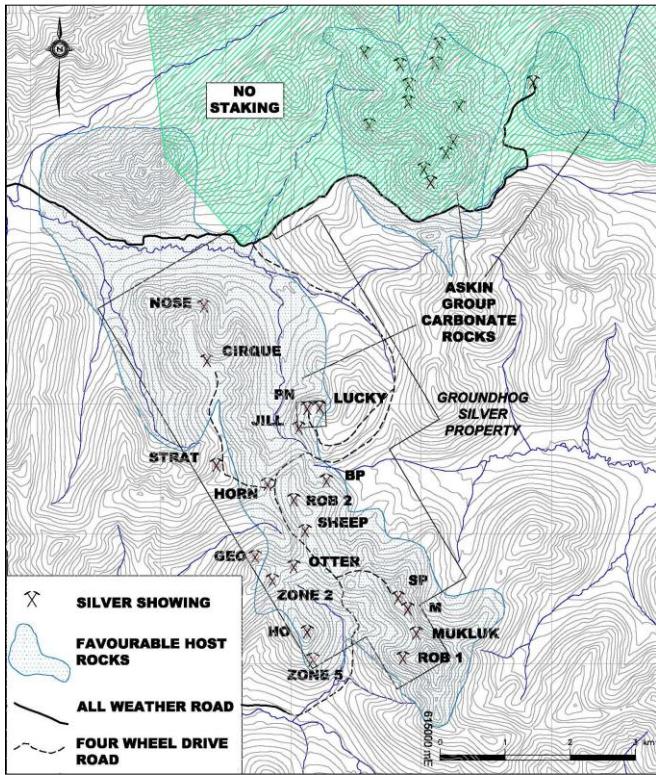
The Groundhog property lies within the St. Cyr Range of the Pelly Mountains in south-central Yukon. The property is accessed by a 10 km seasonal road, which connects to the South Canol Highway at Lapie Lakes, 50 km south of Ross River (Figure 1). The Groundhog property is made up of 217 claims covering nearly 44 km². The property is owned 100% by Strategic Metals Ltd.

Silver-lead-zinc mineralization was first discovered in the Groundhog district area in 1956. Since that time, over 100 showings have been discovered in the district by various operators. Sixteen of these occurrences lie along the crest of a six kilometer long northwesterly-trending ridge within the bounds of the Groundhog property (Figure 2). Three additional showings lie within a single claim located in the centre of the property that is owned by an independent prospector.

The property lies within the Seagull Creek Uplift, a domed assemblage of Paleozoic sedimentary rocks comprised of Silurian to Devonian Askin Group and Upper Devonian Earn Group that are deformed above an unroofed Mid Cretaceous intrusion. The Askin Group forms a 1500 m thick assemblage of resistant, thick bedded dolomite and limestone with lesser quartzite, which is overlain by Earn Group shales and fine grained clastics.

The silver-lead-zinc showings dominantly consist of massive galena lenses, pods and veins within north-northwest trending fault zones. The main economic minerals are silver-rich galena and tetrahedrite (freibergite). The mineralized fault zones are often flanked by zones of brecciation and silification that contain disseminated and stringer argentiferous galena and sphalerite. Nearly all of the known mineralization occurs near the top of the Askin Group unit, just below the contact with the Earn Group, likely because the Earn Group is relatively competent and non-reactive thus acting as a physical and chemical barrier that localized mineral deposition in the underlying carbonate rocks. The





two known showings (Otter and Sheep) returned 1.18 g/t gold.

potential for silver-lead-zinc manto deposits within these rocks is high; however, none of the historical exploration programs have evaluated it.

Highlights from some of the 16 mineral showings on the property are listed in Table 1 below and their locations are shown on Figure 2. Three additional showings fall within the single claim owned by the independent prospector. One of these three showings was bulk sampled in 1988 and 1995. This work included the removal of 52.5 tonnes grading 119.8 oz/ton silver, 72.7% lead, 0.56% zinc and 1.16% copper and 12 tonnes grading 109.0 oz/ton silver, 66.9% lead, 0.48% zinc and 1.25% copper, respectively.

Reconnaissance contour soil sampling on the property in 2009 returned peak values of 72.2 g/t silver, 34,200 ppm lead, 13,900 ppm zinc, 327 ppb gold and 1940 ppm arsenic. No work has been done to follow up the strongly anomalous gold and arsenic values. The highest gold-in-soil sample was collected in an area of silicification within the carbonate rocks, while a rock sample collected from a road cut between

Table 1 – Exploration highlights from the Groundhog property

Showing	Sample	Silver (oz/ton)	Silver g/t	Lead (%)	Zinc (%)	Ag:Pb
Vein Occurrences						
Cirque	grab	380.0	13,028	23.4		16.2
Rob 2	grab	50.7	1,738	18.9	4.46	2.7
Rob 2	grab	181.0	6,206	48.0		3.8
Otter	1.5 m chip	2.8	96	16.5	0.99	0.2
Zone 2	grab	10.5	360	3.4		3.1
SP	grab	50.0	1,714	NA		
M	grab	32.1	1,101	47.7		0.7
Ho	2.5 m chip	74.4	2,551	85.0		0.9
Mukluk	grab	5.6	192	7.5		0.7
Zone 5	grab	14.1	483	14.7		1.0
Rob 1	composite	69.5	2,383	69.4		1.0
Stratiform Occurrences						
Strat	grab	0.5	17	2.76	7.50	0.2
Geo	0.5 m chip	0.3	10	0.36	5.62	0.8

Two occurrences, the **Strat** and **Geo**, are unlike any of the other occurrences in the district. They hosted by a Lower Cambrian or older tuffaceous phyllite unit, about 1500 m apart. The two metre thick Strat Showing consists of laminated and disseminated galena and sphalerite within a siliceous, baritic unit. It was traced for 200 m before

disappearing under talus cover. The Geo Showing consists of similar mineralization in a quartz-carbonate phyllite. Grab samples assayed up to 14% combined lead-zinc with 34 g/t silver. The potential for significant sedimentary exhalative mineralization in these rocks, which largely lie at lower elevations in the district, has never been evaluated.

Previous exploration on the Groundhog property has focused on discovery and development of high grade galena veins for direct shipment of hand sorted ore. The existence of lower grade silver-lead-zinc mineralization in altered and silicified wall rocks adjacent to the high grade veins was observed and the potential for manto type mineralization was recognized, but there was no exploration directed toward these bulk tonnage targets. No systematic geochemical or geophysical surveys have ever been carried out on the property and the area remains relatively unexplored.

Future exploration should consist of grid soil geochemical sampling and prospecting along ridges and talus slopes, on vegetated hillsides and in overburden covered valley bottoms.



Photo 1 – Diamond drilling in 1988 (left) and access 2007.

FOR MORE INFORMATION OF THIS PROPERTY

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