

HY PROPERTY

Overlooked silver-zinc-lead skarn targets

- **Large (70km²), road accessible property hosts extensive silver-rich skarn prospects**
- **Numerous mineralized showings with significant trench and drill intercepts, including 684.0 g/t silver, 9.30% zinc and 11.01% lead over 3.20 m**
- **Property has not been systematically explored and has not seen mechanized work since late 1970s**

The Hy property covers a large 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**, **Dusty** and **Marg** 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 silver-zinc-lead potential, some exploration efforts were focused on tungsten skarn and intrusion-related gold mineralization.

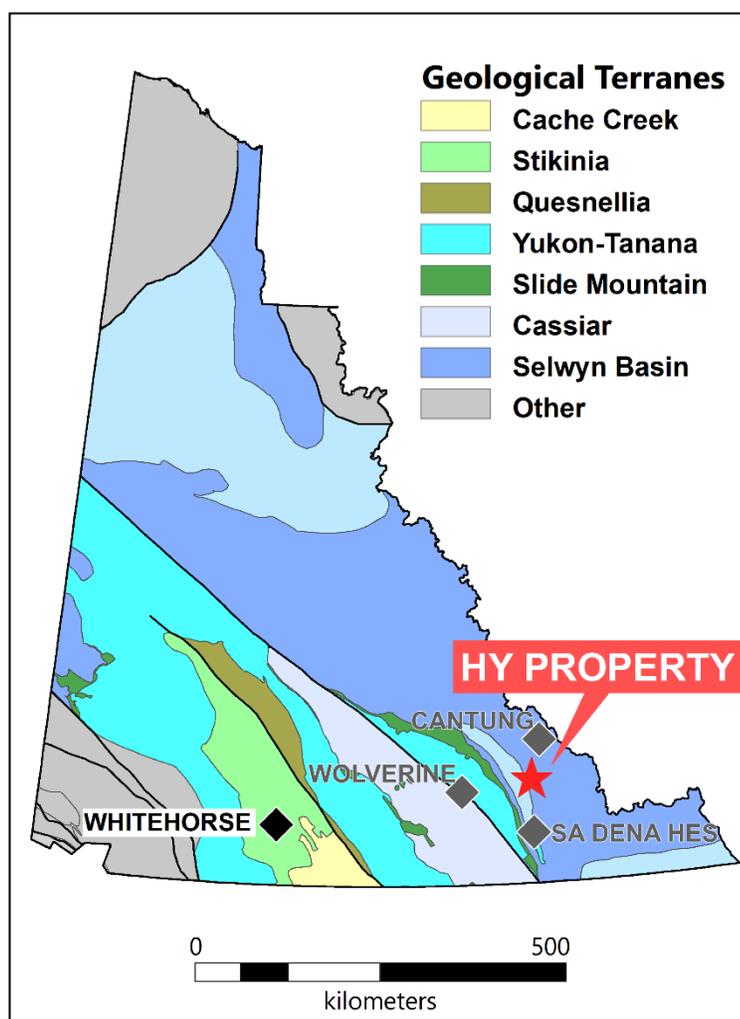


FIGURE 1: TECTONIC SETTING

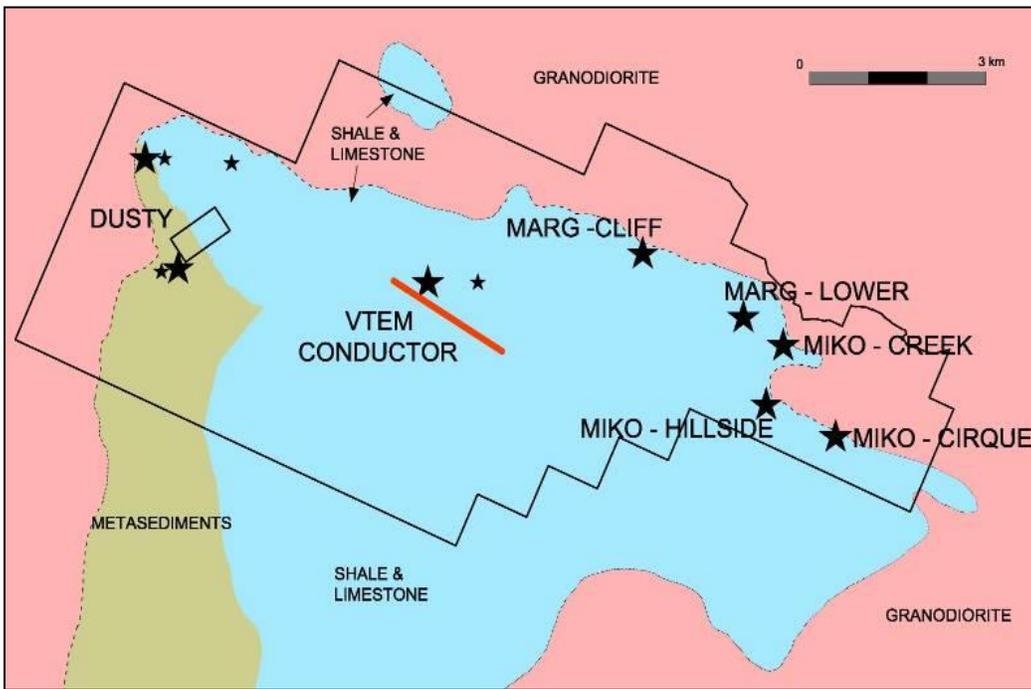


FIGURE 2: GEOLOGY AND MINERALIZED ZONES

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** covers 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 that has been traced 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.



PHOTO OF NEARLY MASSIVE SPHALERITE BOULDER COATED WITH HYDROZINCITE



PHOTO LOOKING EAST AT CLIFF SHOWING

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 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

Showing. A surface sample collected from this showing reportedly assayed 171.5 g/t silver, 7% zinc and 3% lead.

In 2007, while following up mineralization at the 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 boulders that are 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



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

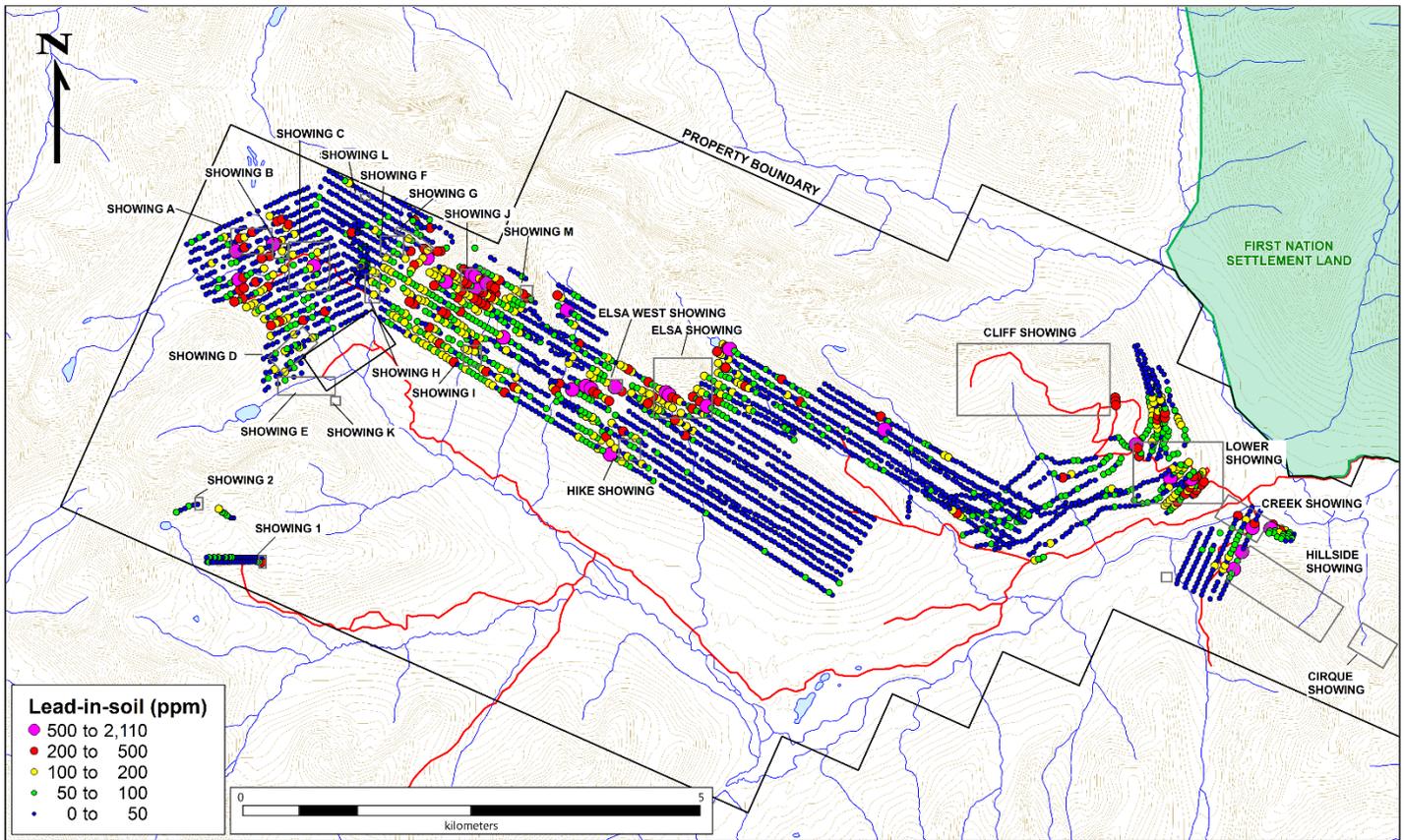


FIGURE 3: LEAD-IN-SOIL GEOCHEMISTRY

The best multi-element soil anomaly discovered on the property to date covers a 1000 m by 300 m area of coincident silver, zinc, lead, copper, and bismuth geochemistry (Figure 3). Follow-up prospecting in 2013 and 2015 resulted in the discovery of skarn mineralization at showings M and J, respectively. A chip sample across Showing J yielded 330 g/t silver, 3.22% copper, 1.57% zinc and 4.36% lead over 60 cm. Neither showing has been evaluated by trenching or drilling.

Although numerous, well mineralized showings have been exposed by trenching, many of the historical trenches did not reach bedrock. Most historical diamond drill holes produced encouraging results that have not been followed up. Future work should include: reconnaissance-scale prospecting and soil sampling outside of the known mineralized zones; additional excavator trenching, including within historical trenches that failed to reach bedrock; and self-propelled rotary air-blast (RAB) or reverse circulation (RC) drilling to expand the zones of known mineralization and test new targets

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FOR MORE INFORMATION ON THIS PROPERTY

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