

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
1016 – 510 West Hastings Street,
Vancouver, B.C. V6B 1L8

Tel: (604) 688-2568

Fax: (604) 688-2578

ASSESSMENT REPORT

describing

EXCAVATOR TRENCHING AND PERCUSSION DRILLING

at the

EUREKA PROPERTY

Eureka 1–60, 73–84, 97–112, 121–182 and 189–202 claims

NTS 1150/10

Latitude 63°32'N; Longitude 138°52'W

in the

Dawson Mining District
Yukon Territory

prepared by

Archer, Cathro & Associates (1981) Limited

for

EUREKA JOINT VENTURE

Strategic Metals Ltd.
StrataGold Corporation

by

W.A. Wengzynowski, P.Eng.
December 2006

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|--------------------|
| INTRODUCTION | 1 |
| PROPERTY LOCATION, CLAIM DATA AND ACCESS | 1 |
| HISTORY AND PREVIOUS WORK | 2 |
| GEOMORPHOLOGY | 3 |
| REGIONAL GEOLOGY | 4 |
| PROPERTY GEOLOGY | 5 |
| PROPERTY GEOCHEMISTRY | 7 |
| MINERALIZATION | 7 |
| 2006 EXCAVATOR TRENCHING | 8 |
| 2006 PERCUSSION DRILLING | 9 |
| DISCUSSIONS AND CONCLUSIONS | 10 |
| REFERENCES | 11 |

APPENDICES

- I AUTHOR'S STATEMENT OF QUALIFICATIONS
- II CERTIFICATES OF ANALYSIS
- III DRILL LOGS

FIGURES

| <u>NO</u> | <u>DESCRIPTION</u> | <u>LOCATION</u> |
|------------------|------------------------------------|------------------------|
| 1 | Location | Following Page 1 |
| 2 | Claim Location | Following Page 1 |
| 3 | Regional Geology | Following Page 4 |
| 4 | Property Geology | Following Page 5 |
| 5 | Trench and Rock Specimen Locations | Following Page 8 |
| 6 | Trench Geology | In pocket |
| 7 | Drill Hole Locations and Sections | Following Page 9 |

INTRODUCTION

The Eureka property consists of 164 mineral claims held by Eureka Joint Venture which is owned 50% by Strategic Metals Ltd. and 50% by StrataGold Corporation. Under terms of an option agreement Strategic has the right to earn a 100% interest in the property, subject to certain earn-back rights and royalty interests held by StrataGold. Strategic funded the 2006 exploration program.

The claims are situated in the central part of the Tintina Gold Belt, a loosely defined 2100 km long zone of gold and silver deposits extending across Alaska and Yukon. The Eureka property covers the headwaters of productive placer creeks that are part of the world famous Klondike Goldfields.

This report describes excavator trenching and a ten hole, 823 m percussion drilling program conducted between June 4 and July 20, 2006. The program was managed by Archer, Cathro & Associates (1981) Limited and supervised by the author. Appendix I contains the Author's Statement of Qualifications.

PROPERTY LOCATION, CLAIM DATA AND ACCESS

The property is located in west-central Yukon at latitude 63°32'N and longitude 138°52'W on NTS map sheet 115O/10 (Figure 1). It consists of 164 contiguous mineral claims registered with the Dawson Mining Recorder in the name of Archer Cathro which holds them in trust for Strategic. Claim registration data are listed below while the locations of individual claims are shown on Figure 2.

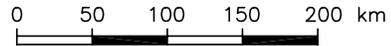
| <u>Claim Name</u> | <u>Grant Number</u> | <u>Expiry Date</u> |
|-------------------|---------------------|--------------------|
| Eureka 1-56 | YC12951-YC13006 | February 15, 2011 |
| 57-60 | YC13701-YC13704 | February 15, 2008 |
| 73-82 | YC13717-YC13726 | February 15, 2011 |
| 83-84 | YC13727-YC13728 | February 15, 2008 |
| 97-106 | YC13741-YC13750 | February 15, 2011 |
| 107-108 | YC13751-YC13752 | February 15, 2008 |
| 109-112 | YC13753-YC13756 | February 15, 2011 |
| 121-130 | YC13765-YC13774 | February 15, 2007 |
| 131-132 | YC13775-YC13776 | February 15, 2008 |
| 133-138 | YC13777-YC13782 | February 15, 2007 |
| 139-144 | YC13783-YC13788 | February 15, 2011 |
| 145-150 | YC13789-YC13794 | February 15, 2007 |
| 152 | YC13796 | February 15, 2007 |
| 151 | YC13795 | February 15, 2011 |
| 153 | YC13797 | February 15, 2011 |
| 154 | YC13798 | February 15, 2007 |
| 155-156 | YC13799-YC13800 | February 15, 2011 |

STRATEGIC METALS LTD.

FIGURE 1
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

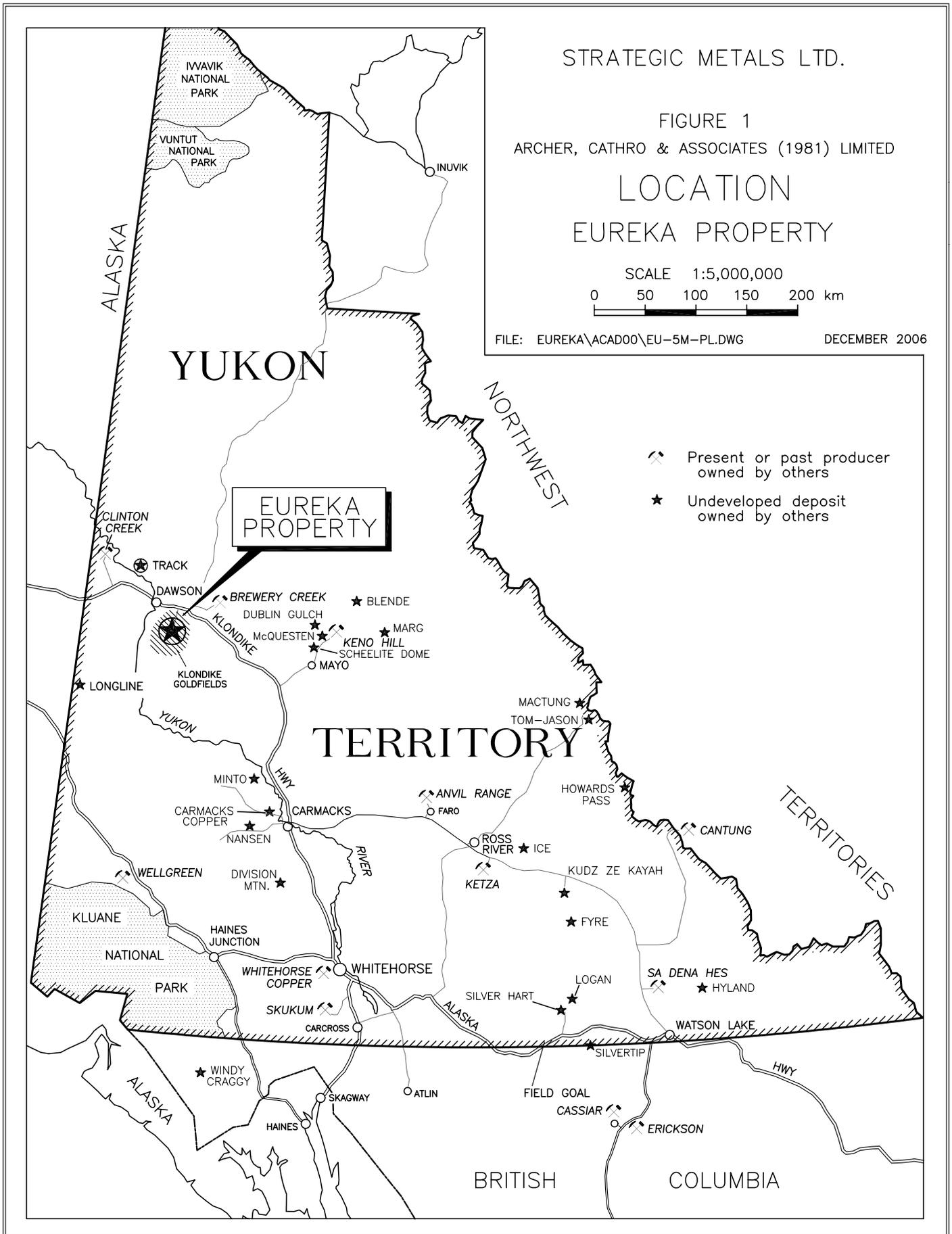
LOCATION EUREKA PROPERTY

SCALE 1:5,000,000



FILE: EUREKA\ACAD00\EU-5M-PL.DWG

DECEMBER 2006



STRATEGIC METALS LTD.

FIGURE 2
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
CLAIM LOCATION
EUREKA PROPERTY



DRAFTED BY: AG

PROJECT: EUREKA

FILE: ...EUREKA\ACAD00\EU50CLOC.DWG

DATE: DECEMBER 2006



7 050 000 N

7 045 000 N

610 000 E

| | | | |
|-----|-----|----|----|
| 107 | 108 | 83 | 84 |
| 105 | 106 | 81 | 82 |
| 103 | 104 | 79 | 80 |
| 101 | 102 | 77 | 78 |

| | | | | | | | |
|-----|-----|-----|-----|-----|-----|-----|-----|
| 111 | 112 | 99 | 100 | 75 | 76 | 59 | 60 |
| 109 | 110 | 97 | 98 | 73 | 74 | 57 | 58 |
| 13 | 14 | 27 | 28 | 41 | 42 | 55 | 56 |
| 11 | 12 | 25 | 26 | 39 | 40 | 53 | 54 |
| 9 | 10 | 23 | 24 | 37 | 38 | 51 | 52 |
| 7 | 8 | 21 | 22 | 35 | 36 | 49 | 50 |
| 5 | 6 | 19 | 20 | 33 | 34 | 47 | 48 |
| 3 | 4 | 17 | 18 | 31 | 32 | 45 | 46 |
| 1 | 2 | 15 | 16 | 29 | 30 | 43 | 44 |
| 181 | 182 | 201 | 202 | | | | |
| 131 | 132 | 143 | 144 | 155 | 156 | 167 | 168 |
| 179 | 180 | 199 | 200 | | | | |
| 129 | 130 | 141 | 142 | 153 | 154 | 165 | 166 |
| 177 | 178 | 197 | 198 | | | | |
| 127 | 128 | 139 | 140 | 151 | 152 | 163 | 164 |
| 175 | 176 | 195 | 196 | | | | |
| 125 | 126 | 137 | 138 | 149 | 150 | 161 | 162 |
| 173 | 174 | 193 | 194 | | | | |
| 123 | 124 | 135 | 136 | 147 | 148 | 159 | 160 |
| 171 | 172 | 191 | 192 | | | | |
| 121 | 122 | 133 | 134 | 145 | 146 | 157 | 158 |
| 169 | 170 | 189 | 190 | | | | |

36 35
EG

EUREKA
CLAIMS

| <u>Claim Name</u> | <u>Grant Number</u> | <u>Expiry Date</u> |
|-------------------|---------------------|--------------------|
| Eureka 157-166 | YC13801-YC13810 | February 15, 2007 |
| 167 | YC13811 | February 15, 2011 |
| 168-182 | YC13812-YC13826 | February 15, 2007 |
| 189-202 | YC13833-YC13846 | February 15, 2007 |

*Expiry dates do not include 2006 work which has not yet been filed for assessment credit.

The property is accessed via the Hunker Creek road system which leaves the Klondike Highway about 20 km east of Dawson City. The Hunker Creek road is seasonally maintained by the territorial government and the entire 90 km distance to the property is usually suitable for two-wheel drive vehicles. Access to various parts of the property is provided by a network of roads that are maintained by local placer miners.

HISTORY AND PREVIOUS WORK

The creeks draining the Eureka property have been explored for placer gold since the gold rush era of 1898. Extensive hand mining by shafts and ground sluicing was carried out until the early 1940s. Production records ceased during World War II and resumed in 1959 with the advent of modern mining methods. Reported production figures to 1998 from Eureka Creek total approximately 66,000 ounces of gold. Similarly, the recorded gold production from Black Hills Creek immediately to the south totals about 74,000 ounces between 1976 and 1997 (Mining Inspection Division, 1998 and Placer Mining Section, 1983, 1985 and 1991). In 2006, placer mines operated on upper Eureka Creek and Childs Creek, a tributary of Black Hills Creek.

Hard rock exploration in the area is poorly documented prior to 1988. The first recorded work was done on the Reka claims by Dawson Eldorado Gold Mines Ltd. and Wealth Resources Ltd. which conducted mapping and soil sampling along the ridge system separating upper Eureka Creek from Childs Creek. The claims were staked to cover the probable source area of an exceptionally anomalous GSC reconnaissance stream sediment sample collected from the headwaters Eureka Creek. The sample returned 89 ppb gold, 38 ppm arsenic, 0.85 ppm antimony and 110 ppb mercury, which represents the 90th to 98th percentile for each of those elements (OF 1364, 1986). Exploration on those claims outlined three target areas exhibiting north trending breccia zones and coincident gold-in-soil anomalies with values up to 496 ppb (van Angeren, 1988). The Reka claims were subsequently allowed to lapse, and in 1992 the area was restaked by Wealth and Pacific Mariner Exploration Ltd. as the Clara claims. Minor soil sampling and ground geophysical surveys were carried out between 1992 and 1994 focussing on north trending breccia fault zones near the headwaters of Eureka Creek. Some bulldozer and excavator trenching was performed in 1994 across gold-in-soil anomalies and/or VLF-EM conductors. Assays obtained from trench sampling reportedly returned up to 640 ppb gold across 2 m (Southam, 1995). The EG and CG claims were located immediately east of the Clara claims and were worked intermittently by J. Christie between 1992 and 1995. Work consisted of stream sediment sampling and reconnaissance soil sampling.

A comprehensive study of the placer gold from Eureka and Childs Creeks was conducted by Archer Cathro during winter 1998–1999. Gold recovered from the upper reaches of both creeks is described as a mixture of coarse and fine grains with average fineness increasing downstream from 640 to 735. The gold grains are generally angular. Some contain inclusions of dark quartz while others are attached to larger white quartz fragments.

Most of the placer gold from the main creeks in the Klondike Goldfields closer to Dawson City is thought to have been reworked from the White Channel Gravels, a gold bearing unconsolidated paleogavel unit that caps many hills in the area. This gold is characterized by high fineness and high degree of rounding or flattening. The original source of this gold is unknown but its fineness and shapes suggest it has travelled some distance. Conversely, the character of the placer gold in Eureka and Childs Creeks indicates local provenance from potential lode source areas.

The results of the placer gold study prompted Nordac Resources Ltd. (now Strategic) to stake the initial 72 claims of the Eureka and adjoining Armenius properties to cover potential lode source areas early in 1999. Later that spring Nordac formed Eureka Joint Venture with Expatriate Resources Ltd. and it staked an additional 314 claims.

In 1999 Nordac and Expatriate explored the properties with geological mapping and geochemical surveys (Wengzynowski, 2000). All geological claims comprising the Armenius property and some of the Eureka claims were later allowed to lapse.

In February 2002, Viceroy Resource Corporation optioned the Eureka property and explored in two areas with reverse circulation percussion drill holes totalling 390 m (Diment, 2002). The Viceroy drilling did not meet its expectations and the option was allowed to expire.

Expatriate assigned its rights concerning the Eureka property to StrataGold in January 2003 as part of a corporate reorganization.

Strategic and StrataGold signed an agreement in spring 2006 that allowed Strategic to earn a 100% interest in the property by funding the 2006 exploration program. Under the agreement StrataGold retains the right to earn back its 50% interest or, if it elects not to earn back, to retain a 1% net smelter return royalty interest in any production from the property.

GEOMORPHOLOGY

The Eureka property is located in the Dawson Range, an area of low mountains and hills developed where creeks and rivers have incised an old peneplane. Elevations in the vicinity of the property range from 560 m near the confluence of Eureka Creek and Indian River to 1300 m along the ridge separating Eureka Creek from Black Hill Creek. The area escaped Pleistocene glaciation and as a result the landscapes are mature with dendritic drainages forming radial fans off the flanks of upland domes. All creeks draining the property are tributaries of the Yukon River.

North facing slopes are blanketed by moss and Labrador tea covering 5 to 100 cm of organic matter and silty soil. Permafrost is prevalent where the organic layer exceeds 50 cm thickness. Conversely, southern slopes generally exhibit silty soil with little organic material or permafrost.

Vegetation is characterized by mature poplar stands along the Indian River and lower creek valleys giving way to stunted black spruce and willow then thick growths of buckbrush, willow and juniper atop the domes.

REGIONAL GEOLOGY

Geology of the Klondike district is dominated by a series of regional scale thrust faults that cut layered metamorphic and metaplutonic rocks of the Yukon-Tanana Terrane (YTT). Post thrust, mid to late Cretaceous volcanic flows and granitic plutons are common in the southern and western parts of the district. Figure 3 illustrates the distribution of lithologies as interpreted through a variety of sources dating from 1935 to present.

Outcrop exposure is poor across most of the district and is generally confined to ridge crests, deeply incised drainages and road cuts. Most mapping in the area was done at reconnaissance scale without the aid of geochronology or plate tectonic theories (Bostock, 1942; Green and Roddick, 1972, Tempelman-Kluit, 1974).

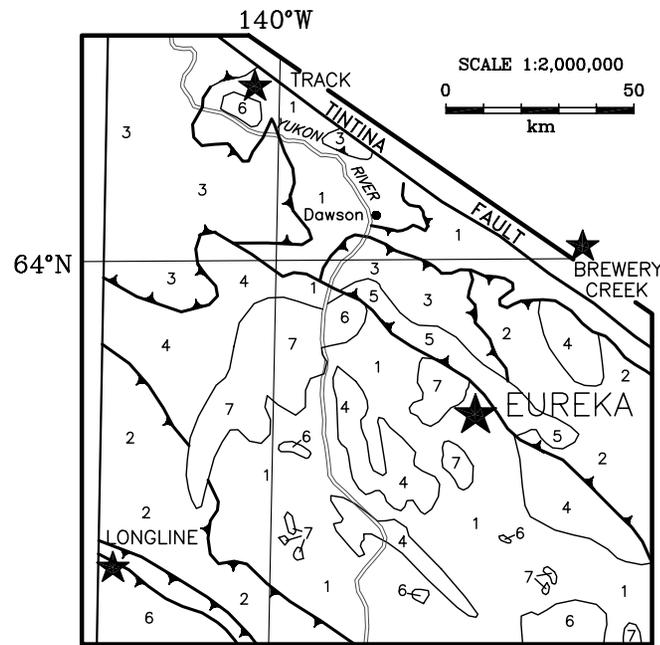
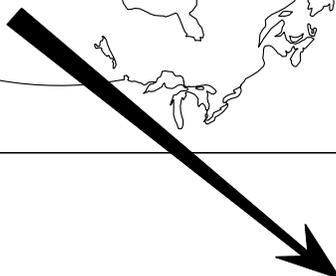
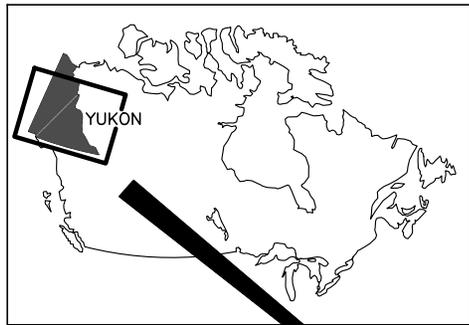
Recent, more detailed mapping by Mortensen (1990) suggests that the metamorphic rocks are part of YTT and can be subdivided into three stratigraphic units (Assemblages 1, 2 and 3) and two metaplutonic units (Mt. Burnham Augen Orthogneiss and Sulphur Creek Orthogenesis) all of which are Paleozoic age. The stratigraphic assemblages have undergone four phases of deformation.

Stratigraphic Units

Assemblage 1 consists of variably deformed and sheared phyllite and quartzite. These rocks are generally medium to dark grey and sometimes contain thinly interbedded carbonaceous siltstone, fine sandstone and rare marble. Although not dated, these rocks are believed to be Early Paleozoic in age.

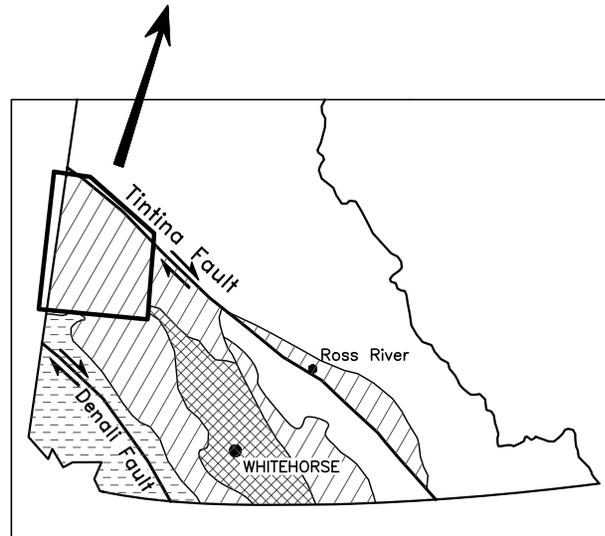
Assemblage 2 is largely comprised of Devonian-Mississippian quartzite, chloritic schist and amphibolite. Quartzite is generally pale coloured and contains variable quantities of mica and feldspar. Discontinuous lenses of marble and quartz-mica-calcite schist are noted in some areas.

Assemblage 3 consists of mafic to intermediate schist plus quartzite and lesser felsic schist. Accessory minerals observed within schist units include quartz and feldspar augen, actinolite and chlorite. Muscovite is often observed along foliation planes within the quartzite unit. These rocks have returned Permian age dates.



- 7 Late Cretaceous volcanic and sedimentary rocks
- 6 Mid or Late Cretaceous plutonic rocks
- Yukon–Tanana Terrane Metaplutonic rocks
- 5 Permian Orthogneiss
- 4 Devon–Mississippian Augen Orthogneiss
- Yukon–Tanana Terrane Paleozoic Metasediments and Metavolcanics
- 3 Assemblage 3
- 2 Assemblage 2
- 1 Assemblage 1

-  Coastal and Insular Belts
-  Intermontane Belt
-  Yukon–Tanana Terrane and Slide Mountain Terrane
-  Ancestral North America including Cassiar Terrane



STRATEGIC METALS LTD.

FIGURE 3
 ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
 REGIONAL GEOLOGY
 EUREKA PROPERTY

Metaplutonic Units

Mt. Burnham Augen Orthogneiss is granitic in composition and consists mainly of subhedral to strongly flattened and broken potassium feldspar. The matrix is comprised of sucrosic quartz, biotite, muscovite and feldspar. This unit is assigned a Devonian-Mississippian age.

Sulphur Creek Orthogneiss is a pink weathering unit that has only been recognized in the vicinity of Sulphur Creek. It has a quartz monzonite composition and has been dated as Permian.

Mid to Late Cretaceous Igneous Units

Mid Cretaceous granitic stocks and related dykes are comprised of quartz, feldspar, muscovite, biotite and sometimes hornblende. The closest stock to the property is at Grizzly Dome some 38 km to south-southeast. Diabase and olivine gabbro lenses and plugs are believed to be coeval but are rare. These bodies form a loosely defined arc south and west of the project area, intruding rocks of Assemblages 1 and 2 plus the Mt. Burnham Augen Orthogneiss.

Late Cretaceous volcanic flows and feeder dykes are predominantly andesitic in composition. They are mapped unconformably overlying Assemblage 1 and Mt. Burnham Augen Orthogneiss and, more frequently as conformably capping, thin continental sediment horizons that are also believed to be Late Cretaceous in age. The closest volcanic flows outcrop at Henderson Dome 10 km south of Eureka claim block. Some of the smaller exposures of the volcanic unit are likely sub-volcanic feeder pipes or dykes.

Structure

Four phases of deformation are observed in layered rocks of the YTT within the Klondike district. The deformation is thought to have occurred from Mid-Permian to Cretaceous during and following accretion of YTT to North America. Phase I involved Mid-Permian regional scale metamorphism which resulted in penetrative foliation approximately parallel to original bedding. This fabric trends roughly northwest and dips gently to the northeast. Small scale isoclinal folds were also developed at this time. The Phase II event occurred between Mid-Permian and late Triassic and formed close spaced crenulations cleavage. At least three different sub-phases of crenulation cleavage are observed. The latest may be associated with the development of thrust faults which are constrained to the period between Late Triassic and Early Jurassic. The onset of this faulting is also coincident with the emplacement of serpentinite bodies along the faults and small scale isoclinal folding, kink banding and warping. The final phase of deformation is coeval with the emplacement of Cretaceous intrusive bodies and resulted in broad low amplitude folding that masks and overprints the Phase I foliation. Steep faults are developed adjacent to some Cretaceous intrusions and are major controls for many drainages. Displacement on these structures is unknown but is believed to be minor.

PROPERTY GEOLOGY

No property wide detailed mapping has been done. Figure 4 shows the distribution of three main units and the location of prominent airphoto lineaments. Unit A is augen orthogneiss of the

STRATEGIC METALS LTD.

FIGURE 4
ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
PROPERTY GEOLOGY
EUREKA PROPERTY

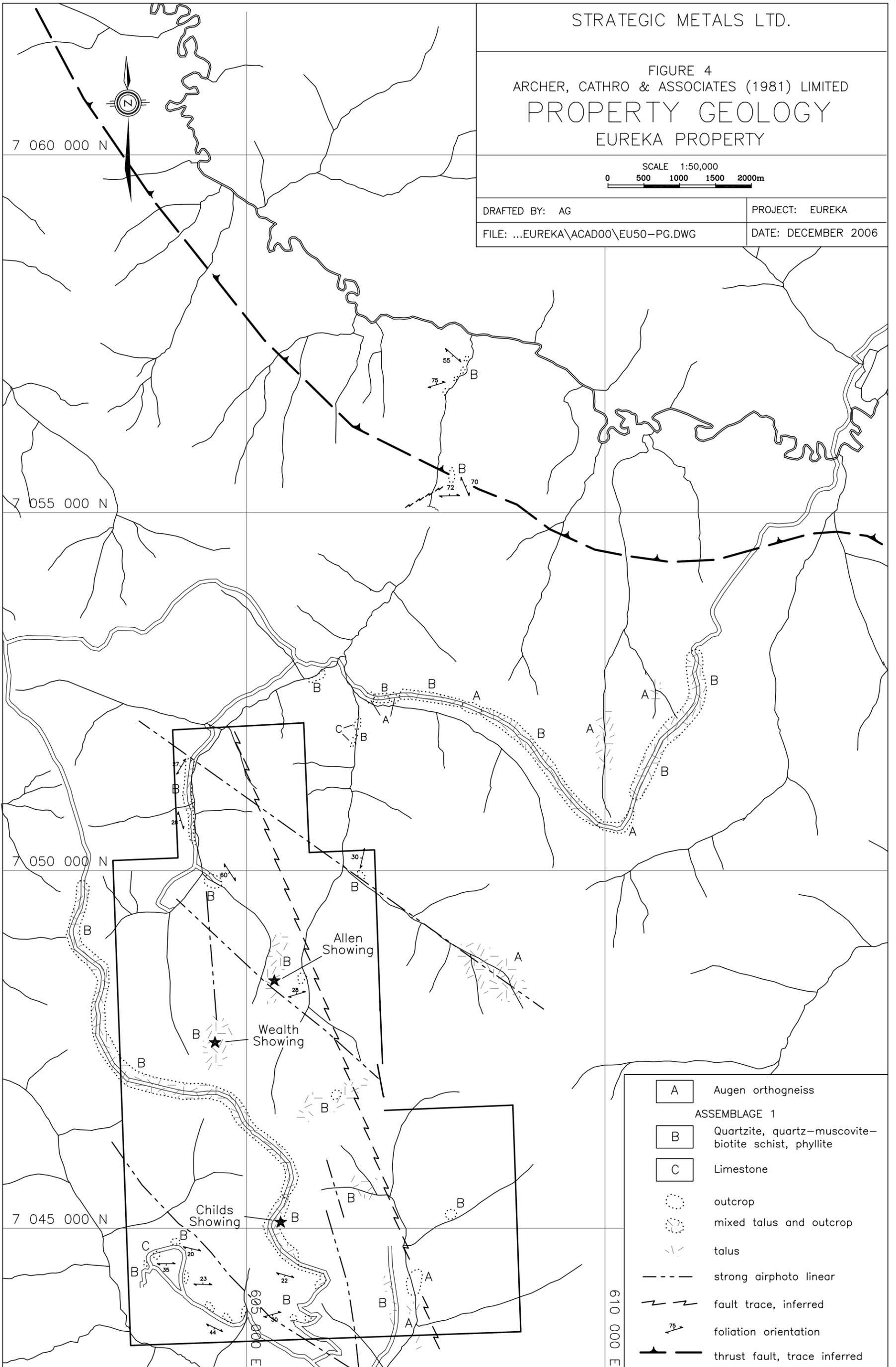
SCALE 1:50,000
0 500 1000 1500 2000m

DRAFTED BY: AG

PROJECT: EUREKA

FILE: ...EUREKA\ACAD00\EU50-PG.DWG

DATE: DECEMBER 2006



- A Augen orthogneiss
- ASSEMBLAGE 1
- B Quartzite, quartz-muscovite-biotite schist, phyllite
- C Limestone
- outcrop
- ⊙ mixed talus and outcrop
- ⋯ talus
- - - strong airphoto linear
- ⚡ fault trace, inferred
- ↗ 75 foliation orientation
- ▲— thrust fault, trace inferred

Devono-Mississippian metaplutonic suite. Unit B includes quartzite, phyllite and quartz-muscovite-biotite schist while Unit C is limestone. Units B and C belong to Assemblage 1. Lithologies are described below.

Unit A

Augen Orthogneiss is grey and weathers as large blocky slabs. The matrix is well foliated and contains quartz, feldspar, biotite and muscovite. Augen are potassium feldspar ranging from 1 to 8 mm in diameter with aspect ratios of about 2:1.

Unit B

Quartz-muscovite-biotite schist is dull greenish brown to grey and thinly foliated. It has been observed as homogeneous horizons over 10 m thick and as foliaform bands less than <0.5 m thick within quartzite. Chlorite, sericite and feldspar are common accessory minerals often developed parallel to foliation. Where the schist contains feldspar it is usually crumbly due to the alteration of feldspar to clay minerals. Elsewhere it forms platy slabs. This is the most abundant rock type observed on the property.

Quartzite is dark grey to white and blocky weathering. It forms resistant knobs near the top of ridge crests. The matrix is weakly to moderately sucrosic and often contains variable quantities of biotite and muscovite which define foliation planes. None of the specimens tested was calcareous.

Phyllite is grey-blue to black, non-graphitic and recessive weathering. This unit was only observed at three locales, two of which were in old trenches. At all three sites the phyllite is strongly clay altered and has a gougy and/or crumbly texture.

Unit C

Limestone is cream coloured, buff weathering and competent. The matrix is coarsely crystalline and contains variable amounts of biotite and muscovite. Near the headwaters of Childs Creek, the limestone is locally skarnified and exhibits diopside, garnet and minor sulphides.

Structure

Eureka and Childs Creeks, which drain the uplands west of Eureka Dome, are believed to coincide with high angle, north and northwest trending faults. Displacement along these faults is unknown but the presence of strongly milled, quartz rich breccia zones suggests a complex, multi-stage history.

Abundant quartz vein float is present in all placer creeks but only a few veins were observed cutting bedrock. They normally strike northeasterly and dip steeply to the northwest. Fracturing is evident in most outcrops and talus fragments, especially in quartzite. Limonite after pyrite is common along fracture selvages.

Folding and warping are implied by erratic foliation attitudes observed across the property. No folds were seen at outcrop scale and too few foliation measurements were taken to identify the axes of large scale structures.

PROPERTY GEOCHEMISTRY

The best response for gold and most pathfinder elements was obtained from soils taken in a 5 by 3 km northeasterly elongated area that encompasses the headwaters of Eureka and Childs Creeks (Wengzynowski, 2000). The anomalous area is mostly outlined by soil samples taken on lines spaced roughly 900 m apart. Approximately 70% of these samples exceeded the detection limit for gold. The longest and most continuous string of anomalous values was obtained from samples taken along the road cut which follows the ridge separating the two creek systems. Samples from a 1900 m segment of the road all returned values ≥ 10 ppb gold with a peak value of 145 ppb. Arsenic values are more subdued but generally coincident with areas of strong gold response.

MINERALIZATION

The Eureka property hosts two main types of gold mineralization: auriferous quartz breccias are found along high angle structures in the headwaters of upper Eureka Creek; and massive quartz veins with elevated but sub-economic concentrations of gold were noted in several parts of the property.

Quartz breccia is grey to white and contains varying amounts of orange to brown limonite. Specimens are subangular to well rounded and exhibit strong pitting on the weathered surfaces. They are autoclastic in nature and moderately to strongly milled. Cement healing the fragments appears to be rock flour developed during brecciation. Samples of this material generally show positive correlation between gold, silver, arsenic, molybdenum and lead. Antimony and bismuth were near background. The highest assay from surface came from a piece of strongly limonitic breccia float with remnant pyrite that was collected from the Allen Showing. This sample returned 15 g/t gold, 25.5 g/t silver, 3510 ppm arsenic and 23 ppm molybdenum (Wengzynowski, 2000). Similar float specimens collected between the Allen and Wealth Showings contain values ranging from 120 to 1745 ppb gold. Continuous chip samples across the floor of an old bulldozer trench (TR-99-1) at the Wealth Showing yielded a weighted average of 0.33 g/t gold across 6.5 m. Arsenic values from these samples were also slightly elevated (up to 250 ppm) but the samples returned subdued values for other metals. This interval consists of weakly brecciated quartz-muscovite schist containing moderate amounts of fracture filled limonite but little secondary quartz. Sections of two other trenches (TR-99-2 and -3) in the same area were also sampled but returned low values for most metals including gold.

Quartz vein material is usually clear to white, strongly fractured and subrounded. Rusty weathering vugs and pits occur along fractures and within the matrix. Remnant disseminated sulphides in order of decreasing abundance are pyrite, galena, chalcopyrite and arsenopyrite. Textural variation of vein specimens is predominantly attributed to the degree of fracturing. Some specimens exhibit crackle brecciation but they are distinguished from the milled breccias

because the fragments are very angular and the matrix comprises only a small percentage of the rock.

Five vein float specimens collected from Childs Creek and upper Eureka Creek (near the Allen Showing in 2000) returned gold values greater than 100 ppb and as high as 0.92 g/t. All samples contained elevated silver (up to 69.4 g/t), molybdenum (up to 62 ppm) and lead (up to 864 ppm) while arsenic, bismuth and antimony values were erratic and weak. Quartz stockwork and massive pyrite stringers were observed in strongly altered orthogneiss near the head of Childs Creek in a placer cut. A sample of this material was elevated in gold (205 ppb), silver (5.4 ppm) and molybdenum (38 ppm).

2006 EXCAVATOR TRENCHING

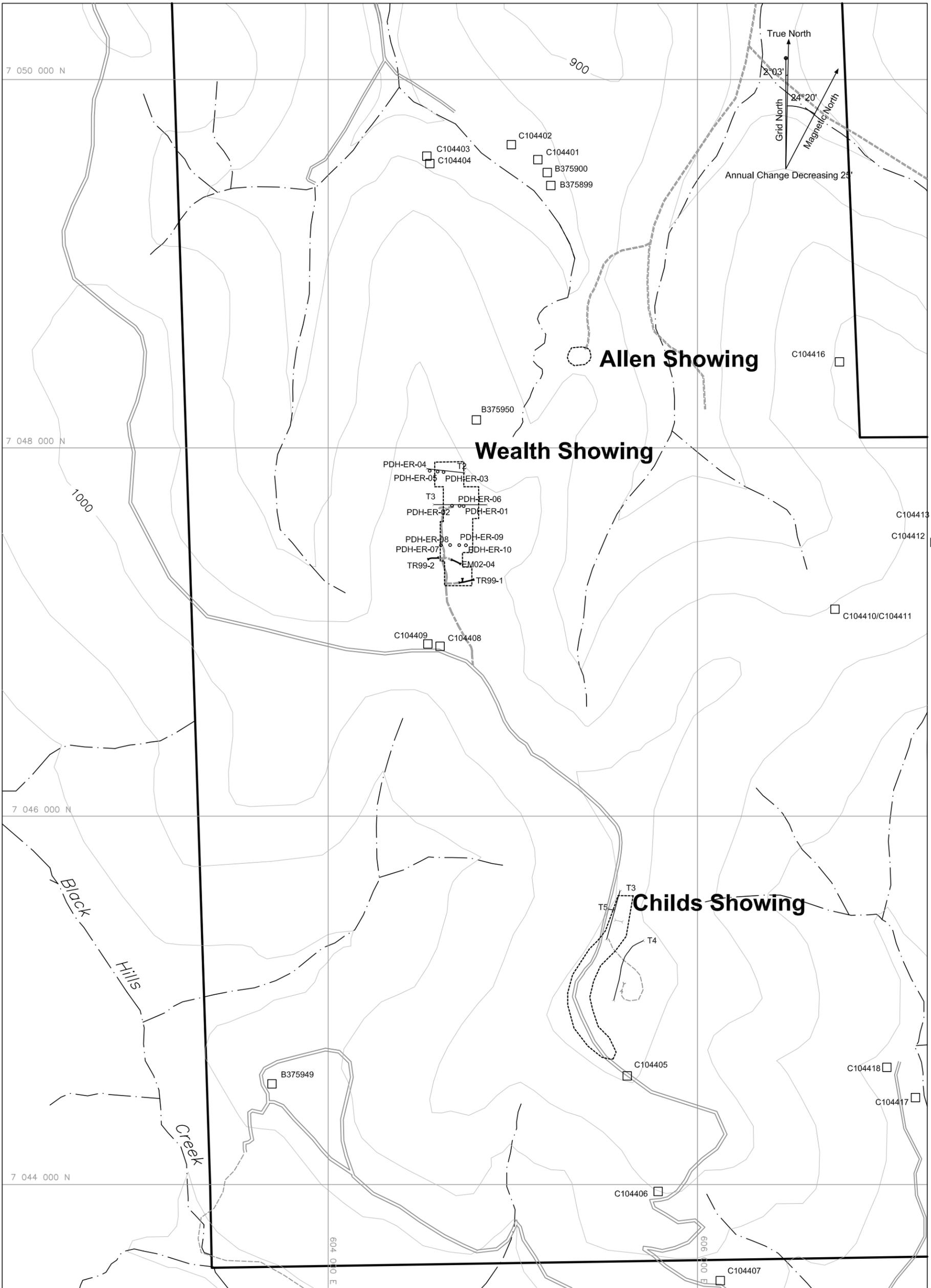
The 2006 exploration program included 1151 m of excavator trenching in five trenches across breccia targets at the Wealth and Childs Showings in the upper reaches of Eureka and Childs Creek (Figure 5). Discontinuous chip samples were collected along the length of each trench for broad characterization of gold potential within the stratigraphy; while continuous chip samples were taken across prospective breccia zones and their associated alteration halos.

All samples were placed in doubled plastic bags along with a prenumbered assay tag prior to being shipped to ALS Chemex in North Vancouver, British Columbia. At the laboratory, the samples were weighed, dried and crushed to 70% minus 2 mm, before a 250 g split was taken and pulverized to better than 85% minus 75 microns. A split of this material was then digested in aqua regia acid and analysed for 34 elements by the inductively coupled plasma (ICP) technique. A second, 30 g split of the pulverized fraction of each sample was also analyzed for gold using fire assay with atomic absorption finish. Certificates of Analysis are contained in Appendix II. The following sub-sections describe the results of excavator trenching at the Wealth and Childs Showings.

Wealth Showing

Two excavator trenches tested the northern portion of a 200 m wide north trending gold-in-soil geochemical anomaly defining the northern part of the Wealth Showing. The trenches were centred on areas within the anomaly that had produced visible gold in pan concentrates of weathered material which was collected from the bottom of hand pits.

Trenches T1 and T2 were spaced roughly 200 m apart (Figure 6) and exposed gently dipping quartz-muscovite±biotite schist and muscovite schist beneath a thin veneer of volcanic ash and organic rich overburden. The strata in both trenches are cut by narrow (1 to 3 m), steeply westward dipping breccia zones dominantly consisting of rusty weathering, manganiferous grey to white quartz. The zones are largely crackle breccia but highly milled matrix supported breccia was also noted. At several locales blue-grey or orange-brown clay altered gouge is developed near discordant breccia contacts, while at other locations gouge appears to be part of the strata. However, the latter observation may be a result of solifluction.



2006 Program

- Excavator trench
- • • Percussion drill section
- B375949 Rock specimen location

STRATEGIC METALS LTD.

FIGURE 5
 ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
TRENCH AND ROCK SPECIMEN LOCATIONS
 EUREKA PROPERTY

0 0.5 1.0 km
 UTM ZONE 7V, NAD 83, 115010

FILE: ...2006/EUREKA/F_5-TR LOC.DWG DATE: DECEMBER 2006

Discontinuous rock chips collected at 10 m intervals along the bottom of each trench returned several anomalous gold values between 0.201 and 0.747 g/t. The best results were a 20 m interval in trench T1, which yielded an arithmetic average of 0.539 g/t gold in the vicinity of two narrow breccia zones; and, a 10 m interval from trench T2, which was collected obliquely across a grey-blue gougy soil horizon and returned 0.747 g/t gold. A continuous chip sample across a narrow breccia zone with clay gouge altered selvages in trench T2 yielded 1.055 g/t gold and 18.9 g/t silver across 2.0 m.

Childs Showing

Three trenches were excavated in the vicinity of the Childs Showing as illustrated on Figures 5 and 6. They were designed to test previously discovered, gold bearing breccia zones exposed in an old bulldozer trench and a hand trench.

Trenches T3 and T4 were excavated subparallel to the trend of the breccia zones. They encountered a 2 to 5 m wide zone traceable for roughly 500 m along strike. Chip samples collected obliquely across this zone in trench T3 were weakly elevated for gold, yielding 0.231 g/t across

4 m, while the same zone sampled in trench T4 returned a weighted average grade of 0.722 g/t gold across an approximate true width of 4 m.

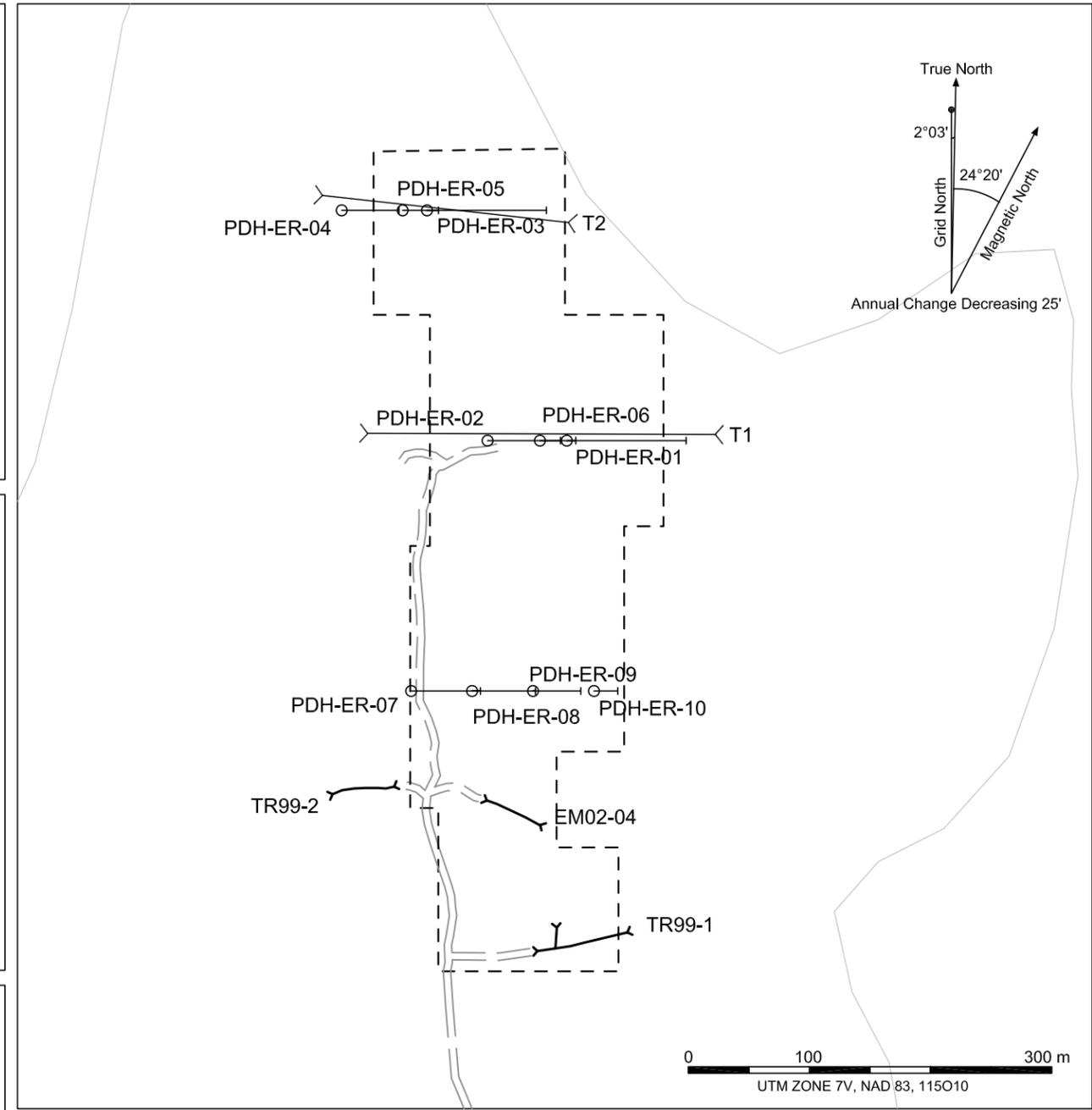
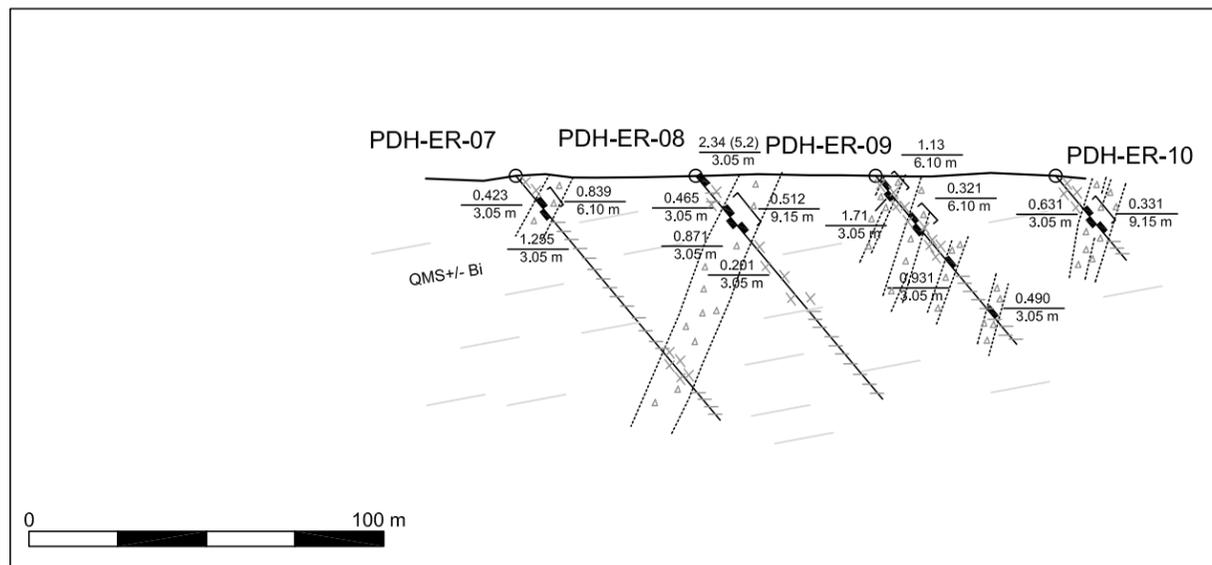
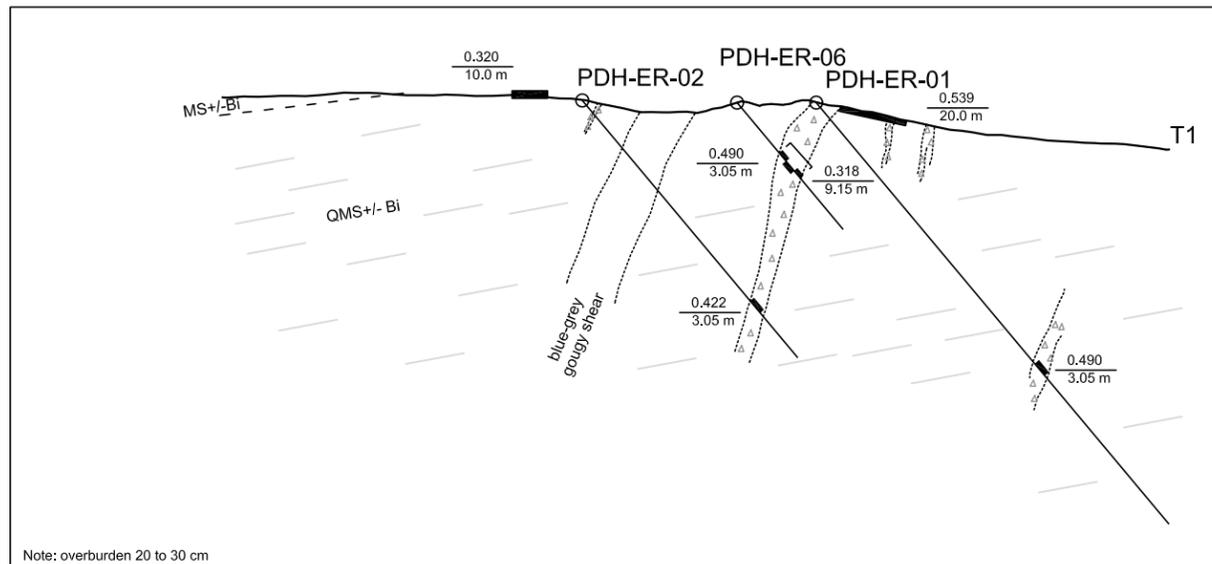
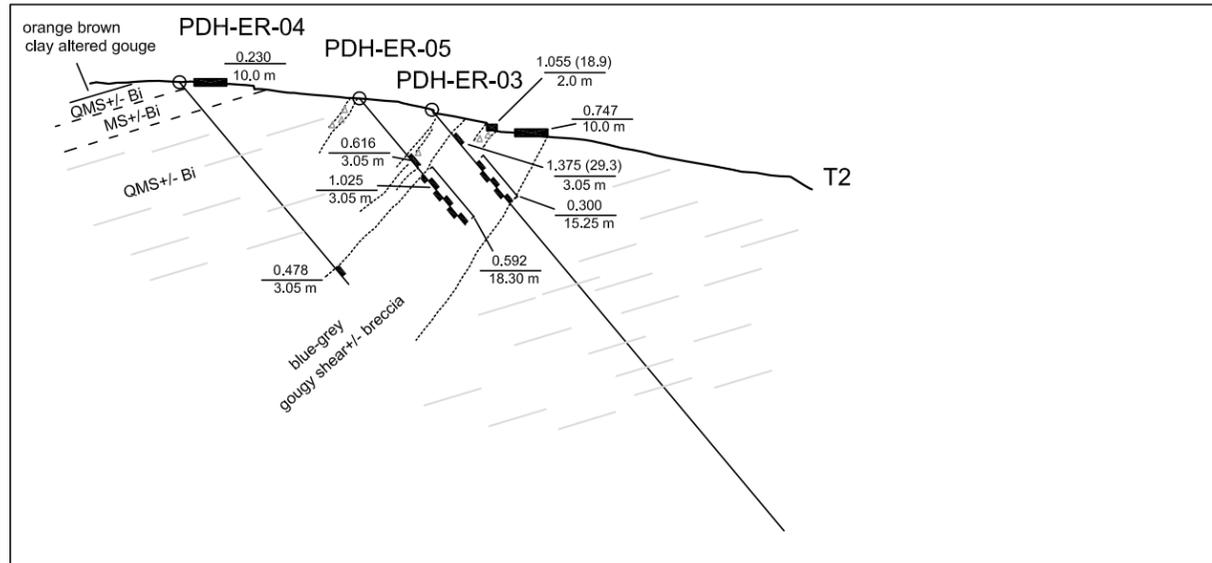
Trench T5 was excavated perpendicular to the structural trend hosting a previously described breccia zone and exposed a parallel zone which returned 0.481 g/t gold across a true width of 5.5 m.

2006 PERCUSSION DRILLING

Eight hundred and twenty-three meters of percussion drilling was done in ten holes along three section lines across the core of the gold-in-soil geochemical anomaly at the Wealth Showing (Figure 7). The drilling was done by DEREKX Drilling Services Ltd. of Armstrong, British Columbia, with a skid mounted, reverse circulation percussion drill.

Cuttings were collected at 3.05 m intervals in plastic bags from a cyclone attached to the drill stem. Each bag contained a multi-portion, prenumbered assay tag. The cuttings were first put through a Jones Splitter. One portion of the assay tag was put into a bag containing one half of the sample, which was stored on site. The other half of the sample was again split producing two quarters from the original sample. One quarter was double bagged in plastic with a portion of the assay tag. It was later shipped to ALS Chemex for the same ICP and gold analyses performed on the trench samples. The remaining quarter of the sample was screened to 5 mm in the field creating a coarse and fine fraction. The latter was panned down to a concentrate roughly two grams in size. Fragments from the coarse fraction were classified by rock type and the fine fraction was examined for sulphide minerals and visible gold. Certificates of Analysis are contained in Appendix II while drill logs appear in Appendix III.

Elevated gold values were encountered from intervals in all drill holes (Figure 7). The best assays were obtained from holes drilled along the section line that coincides with the



- × × × quartz+oxide fragments
- △ △ breccia
- ≡ biotite/muscovite quartz schist +/- pyrite

$\frac{0.331 (29.8)}{9.15 \text{ m}}$ g/t Au (g/t Ag)
m

STRATEGIC METALS LTD.
FIGURE 7
 ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
DRILL HOLE LOCATIONS AND SECTIONS
EUREKA PROPERTY

FILE: ...2006/EUREKA/F_7-SEC.DWG DATE: DECEMBER 2006

northernmost excavator trench (T2). PDH-ER-05 cut 18.30 m grading 0.592 g/t gold while PDH-ER-03, located 50 m east along the same section, intersected 0.300 g/t gold across 15.25 m. Another interval in the same hole yielded 1.375 g/t gold and 29.3 g/t silver across 3.05 m. All anomalous intervals are interpreted to be associated with crosscutting breccia zones and associated alteration selvages.

DISCUSSION AND CONCLUSIONS

The Eureka property covers structurally hosted gold±silver bearing breccia zones near the headwaters of Eureka and Childs Creeks. These zones are primarily developed in steep westerly dipping, north trending structures cutting gently dipping quartz rich schists.

Trenching and percussion drilling at the Wealth Showing identified up to seven breccia zones with an interpreted aggregate thickness of up to 43 m within a 160 m section. The zones appear to be subparallel and are relatively evenly spaced along the section lines. They obtain maximum thicknesses of about 20 m, including accompanying alteration selvages.

Gold values are highest within and adjacent to the breccia zones. However, typical pathfinder elements, such as arsenic and bismuth, are erratically distributed exhibiting excellent correlation with gold in some intervals and very little in others.

Results from trenching and percussion drilling in the vicinity of the Wealth and Childs Showings have confirmed the general link between gold and breccia zones. Although the gold grades and widths encountered during the 2006 program are not economic, there appears to be good geological and assay continuity between section lines drilled at the Wealth Showing. It is possible that the structural zones may change in character at depth becoming wider or richer. It is also possible that they could attain greater widths in the vicinity of structural junctions. A large part of the Eureka property is heavily vegetated and only lightly explored. Thus, potential still exists for higher grade zones or low grade bulk tonnage style gold mineralization. Continued exploration is warranted given the current gold market.

Respectfully submitted,

ARCHER, CATHRO & ASSOCIATES (1981) LIMITED

W. A. Wengzynowski, P.Eng.

REFERENCES:

- Bostock, H.S.
1942 Map 711A, Ogilvie, Yukon Territory, Department of Mines and Resources, Mines and Geology Branch, Bureau of Geology and Topography.
- Diment, R.
2002 Rock Sampling and RC Drilling Programs on the Eureka Property, 2002 assessment report for Eureka Joint Venture, p.17.
- Green, L. H. and Roddick, J.A.
1972 Geology of Nash Creek, Larsen Creek and Dawson map areas, Yukon Territory (106D, 116A, 116B, and 116C {E-1/2}, Memoir 364), Geological Survey of Canada, Department of Energy, Mines and Resources Canada.
- Mining Inspection Division
1998 Yukon Placer Industry 1995 to 1997; Mineral Resources Directorate, Yukon Territory, Indian and Northern Affairs Canada.
- Mortensen, J.K.
1990 Geology and U-Pb Geochronology of the Klondike District, west-central Yukon Territory, Geological Survey of Canada, Canadian Journal of Earth Science. 27, pp.903-914.
- Placer Mining Section
1983 Yukon Placer Mining Industry 1978–1982, Exploration and Geological Services, Northern Affairs Program, Indian and Northern Affairs Canada, Whitehorse, Yukon, compiled and edited by R.L. Debicki.
1985 Yukon Placer Industry 1983–1984; Mineral Resources Directorate, Yukon, Indian and Northern Affairs, compiled by R.L. Debicki.
1991 Yukon Placer Industry 1989–1990; Mineral Resources Directorate, Yukon, Indian and Northern Affairs, compiled by L.P. van Kalsbeek.
- OF 1364
1986 Regional Stream Sediment and Water Geochemical Reconnaissance Data, Yukon, 1986, Geological Survey of Canada, OF 1364, NGR 100-1986 NTS 115N (E1/2), 115O.
- Southam, P.
1995 Assessment Report 093290, Geochemical and Trenching Report on the Eureka Creek Property, Dawson Mining Division, Yukon, p.24.
1995 Assessment Report 093348, Trenching and Prospecting Report on the Eureka Creek Property, Dawson Mining Division, Yukon, p.12.

Tempelman-Kluit, D.J.

1974 Reconnaissance Geology of Aishihik Lake, Snag and part of Stewart River Map Areas, West-Central Yukon (115H, 115J&K, 115N&O), Geological Survey of Canada, Paper 73-41, Department of Energy, Mines and Resources.

van Angeren, P.

1988 Assessment Report 092720, Geological and Geochemical Report on the Reka 1-146 Quartz Claims, Dawson Mining District, Yukon Territory, p. 14.

Wengzynowski, W.A.

2000 Geological Mapping and Geochemical Surveys on the Eureka Project, assessment report for Eureka Joint Venture, p.15.

APPENDIX I
AUTHOR'S STATEMENT QUALIFICATIONS

STATEMENT OF QUALIFICATIONS

I, William A. Wengzynowski, geological engineer, with business addresses in Vancouver, British Columbia and Whitehorse, Yukon Territory and residential address at 301 Fairway Drive, North Vancouver, British Columbia, V7G 1L4 do hereby certify that:

1. I am President of Archer, Cathro & Associates (1981) Limited.
2. I graduated from the University of British Columbia in 1993 with a B.A.Sc in Geological Engineering, Option 1, mineral and fuel exploration.
3. I registered as a Professional Engineer in the Province of British Columbia on December 12, 1998 (License Number 24119).
4. From 1983 to present, I have been actively engaged in mineral exploration in the Yukon Territory, Northwest Territories, northern British Columbia and Mexico.
5. I have personally participated in and supervised the fieldwork reported herein.

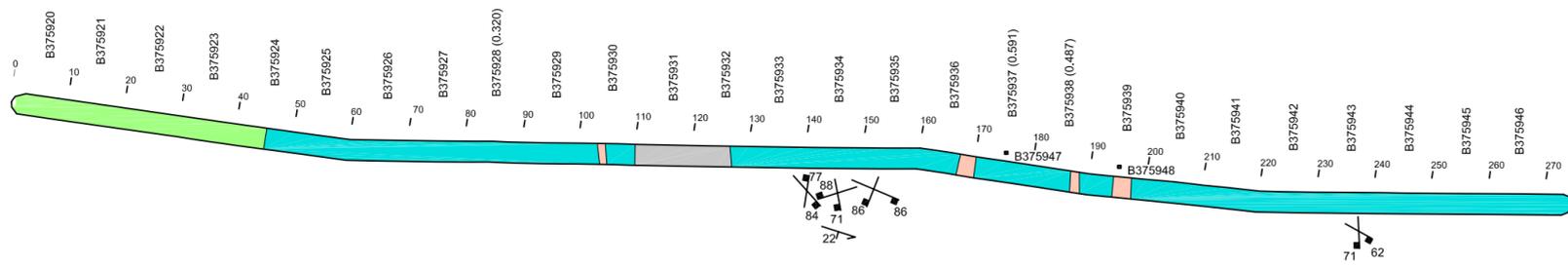
William A. Wengzynowski, P.Eng.

APPENDIX II
CERTIFICATES OF ANALYSIS

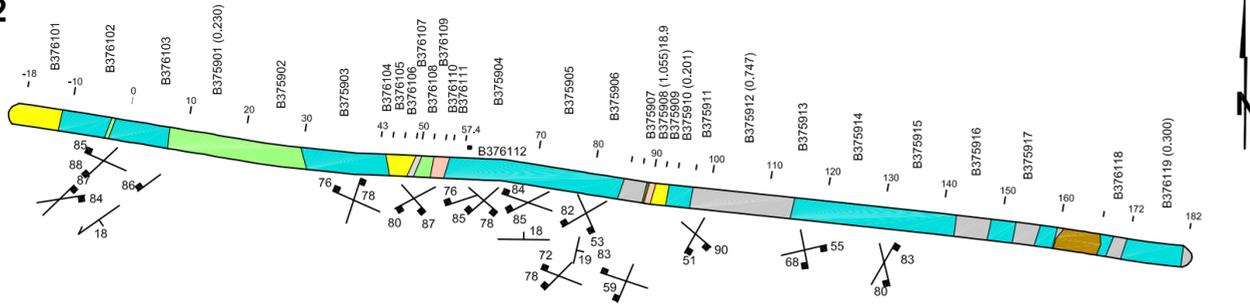
APPENDIX III

DRILL LOGS

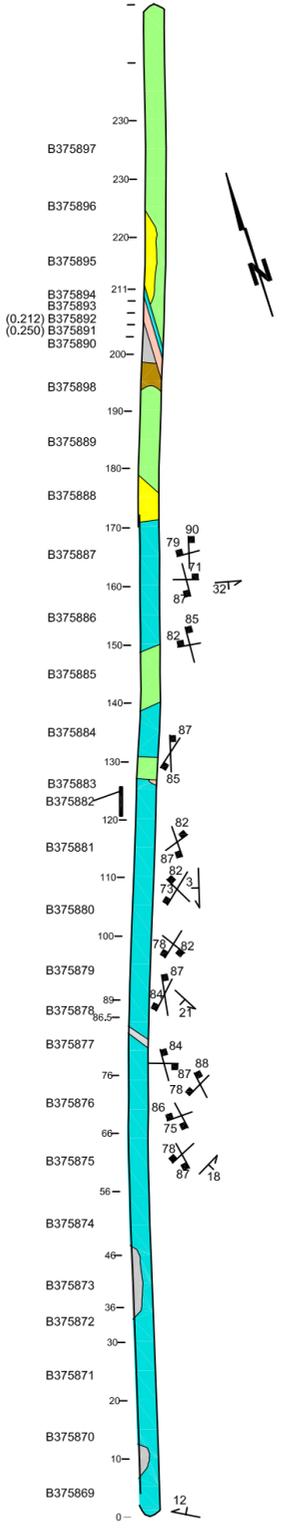
T1



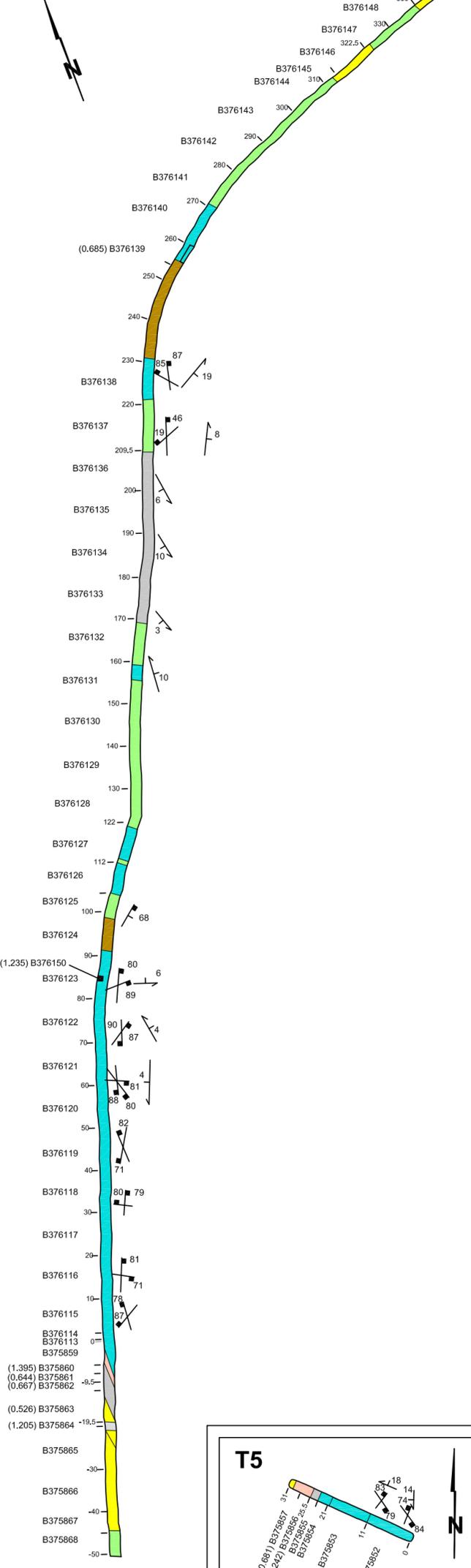
T2



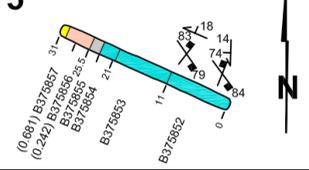
T3



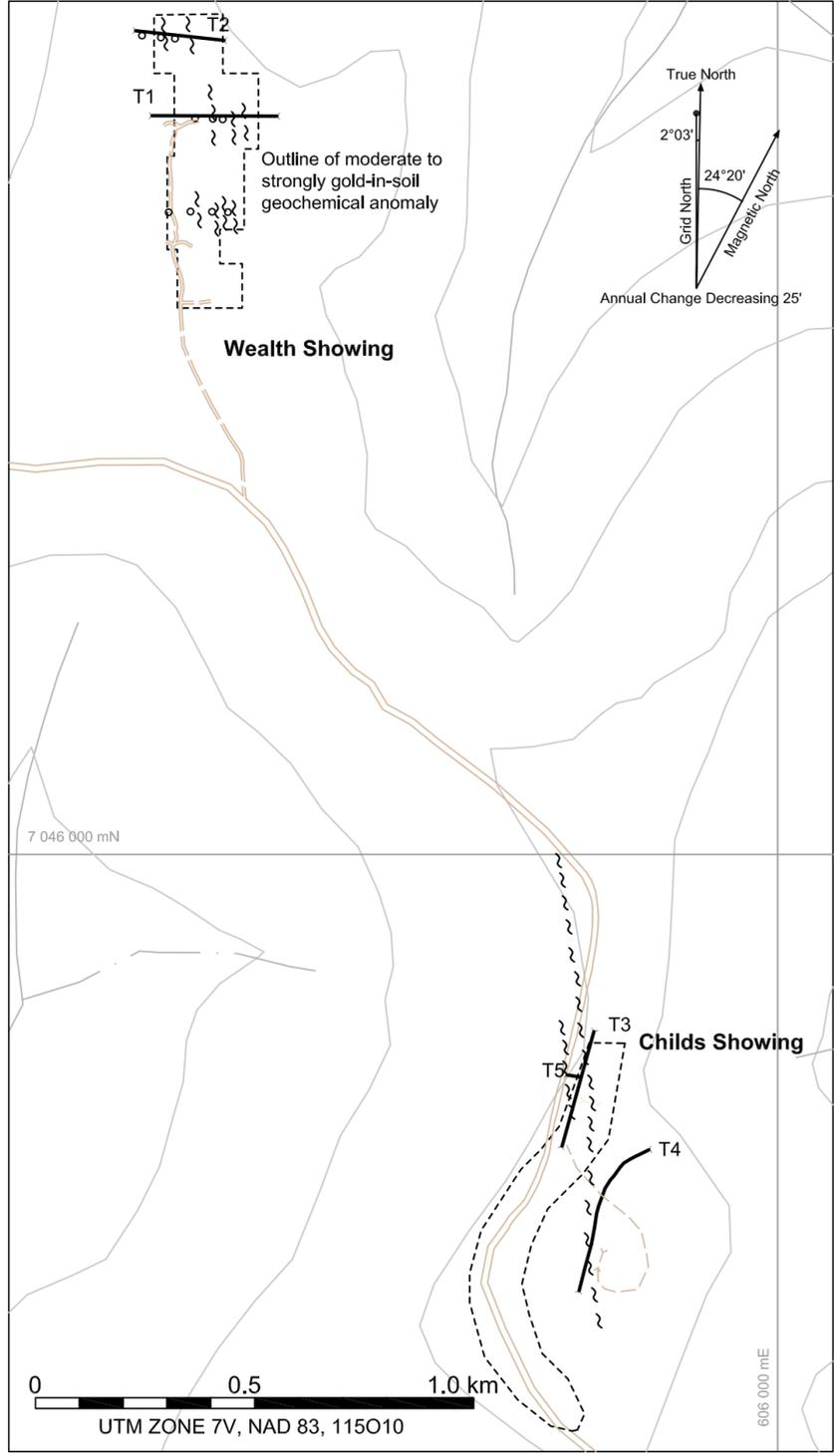
T4



T5



- Overburden
 - Blue-grey gougy shear
 - Orange brown clay altered gouge
 - Breccia
 - Muscovite schist +/- biotite
 - Quartz muscovite schist +/- biotite
 - Fracture orientation
 - Foliation orientation
 - Breccia zone
- (0.681) B375857 (Au > 0.200 g/t) Ag > 5.0 g/t



STRATEGIC METALS LTD.
FIGURE 6
 ARCHER, CATHRO & ASSOCIATES (1981) LIMITED
TRENCH GEOLOGY
 EUREKA PROPERTY

0 50 m
 UTM ZONE 7V, NAD 83, 115010

FILE: ...2006/EUREKA/F_6--TR.DWG DATE: DECEMBER 2006