STRATEGIC MINERALS EUROPE INC.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine month periods ended September 30, 2021 and 2020 (Expressed in Euros)

Strategic Minerals Europe Inc.
Statement of Financial Position (Balance Sheet Consolidated)
(Expressed in Euros)

ASSETS	Consolidated September 30, 2021	Consolidated December 31, 2020
Current assets	**6,212,428**	**632,577**
Cash and cash equivalents (Note 9)	4,802,112	205,898
Trade and other receivables (Notes 8 and 12)	1,153,839	251,827
Inventories (Note 7)	218,009	174,167
Other (Note 8)	38,468	685
Non-current assets	**20,374,727**	**21,022,726**
Property, plant and equipment (Note 5)	16,712,455	17,287,058
Exploration and evaluation (Note 4)	2,456,215	2,456,215
Deferred tax assets	722,704	722,704
Other assets	327,764	327,764
Right-of-use assets (Note 6)	155,589	228,985
Total Assets	**26,587,155**	**21,655,303**

EQUITY AND LIABILITIES	Consolidated September 30, 2021	Consolidated December 31, 2020
Current liabilities	**2,685,379**	**2,750,518**
Trade and other payables (Notes 10 and 15)	1,528,853	1,569,269
Borrowings (Note 10)	746,034	614,429
Contract liabilities (Note 10)	322,803	437,182
Current tax liabilities (Note 12)	69,904	45,407
Current lease liabilities (Note 10)	17,686	16,140
Employee benefit obligations (Note 10)	99	68,091
Non-current liabilities	**3,523,903**	**19,850,620**
Loans and borrowings (Notes 10 and 15)	2,779,698	19,087,173
Lease liabilities (Note 10)	57,617	70,949
Provisions (Note 14)	686,589	692,498
Equity	**20,377,873**	**-945,835**
Share capital and share premium	32,521,792	13,371,343
Other equity		-12,405,913
Other reserves	1,743,728	321,661
Cumulative translation adjustment	- 31,066	-
Retained earnings	-13,856,581	-2,232,926
Total Equity and Liabilities	**26,587,155**	**21,655,303**

Strategic Minerals Europe Inc.
Statement of Operations (P&L Consolidated)
(Expressed in Euros)

PROFIT AND LOSS STATEMENT	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	**Nine months ended September 30, 2020**
Continuing operations				
Revenue (Note 13a)	3,485,539	848,628	5,147,732	1,436,385
Changes in inventories of finished goods and work in progress	169,348	0	43,843	0
Raw materials and consumables used	-186,484	-184,982	-367,187	-253,888
Supplies	-198,702	-144,066	-484,565	-379,079
Gross profit	3,269,701	519,580	4,339,822	**803,418**
Other operating income	-10,373	1,782	151,697	31,382
Other gains/(losses) – net	-5,940	2,106	23,676	30,362
Depreciation and amortization expense (Note 5 and 6)	-369,046	-362,918	-1,069,380	-1,094,652
Employee benefit expenses (Note 13b)	-389,823	-333,188	-1,071,145	-797,160
Other operating expenses (Note 13c)	-874,169	-394,782	-1,659,241	-831,096
Operating profit (loss)	1,620,349	-567,420	715,429	**-1,857,747**
Finance income	36,573	146	41,644	205
Finance costs	-16,525	-187,250	-211,472	-429,195
Profit before income tax	1,640,398	-754,523	545,602	**-2,286,738**
Income tax expense (Note 12)	0	0	0	0
Profit for the period (loss)	1,640,398	-754,523	545,602	**-2,286,738**

Strategic Minerals Europe Inc.
Statement of cash flows for the period
(Expressed in Euros)

CASH FLOW STATEMENT	Three months ended September 30, 2021	Three months ended September 30, 2020	**Nine months ended September 30, 2021**	**Nine months ended September 30, 2020**
Cash flows from operation activity				
Net (loss) Income for the period	1,640,398	- 300,502	545,602	-759,083
Depreciation	369,046	-	1,069,380	-4,013
Finance income	-36,573	146	-41,644	205
Finance expense	16,525	-141,250	211,472	-429,195
Other income and losses	186,484	-	367,187	-
Net change in operating assets and liabilities	2,175,880	-441,606	**2,151,996**	**1,192,086**
Trade and other receivable	-899,396	275,313	-902,012	-186,512
Trade and other payable	-59,647	-36,901	-186,179	-937,006
Income tax paid	-2,865	-	24,497	-
Other operating assets	-	-	158,474	-
Other operating liabilities	-216,928	-	-204,557	-
Net cash provided used in operating activities	997,043	-203,194	**1,042,220**	**-2,315,604**
Cash flows from investing activities				
Payments for property, plant and equipment	-9,836		-16,462	
Additions of property plant and equipment	-	-	-	-
Payments for financial assets at fair value through other comprehensive income	-	-	-281,480	-
Proceeds from sale of property, plant and equipment	-18,966	-	-428,394	-
Other benefit from disposal	-		418,628	
Cash flows used in investing activities	-28,802	-	**-307,709**	**-**
Cash flows from financing activities	-	-1,551,275	273,352	1,116,807
Repayment of loans	-794,708	-1,247,675	-556,850	1,336,804
Principal elements of lease payments	-4,310	-	-11,787	-
Issuance of share and warrants	4,156,988	-	4,156,988	-
Net cash (outflow) from financing activities	3,329,169	303,600	**3,553,995**	**2,453,611**
Net increase in cash and cash equivalents	4,326,212	100,406	**4,596,214**	**138,007**
At the beginning of the period	475,900	56,005	205,898	18,404
At the end of the period	4,802,112	156.411	4,802,112	156,411

Strategic Minerals Europe Inc (Consolidated)
Statement of changes in equity for the period
ended September 30, 2021 ((Expressed in Euros)

STATEMENT OF CHANGE IN EQUITY	Share capital and premium	Other equity	Other reserves	Currency translation adjustment	Retained earnings	Total
Balance at 31 December 2020	13,371,343	-12,405,913	321,661	0	-2,232,926	-945,835
Share capital contributions	16,662,365	-	-	-	-	16,662,365
Effects of restructuring	-	12,405,913	-236,656	-	-12,169,257	-
Private Placements - July 2021 - September 2021	2,527,661	-	1,685,107	-	-	4,212,768
Advisory fee related to private placements	100,801	-	67,201	-	-	168,002
Costs of issue	-140,378	-	-93,585	-	-	-233,963
Total comprehensive income for the period	-	-	-	-31,066	545,602	514,536
Balance at 30 September 2021	32,521,792	0	1,743,728	-31,066	-13,856,581	20,377,873

Strategic Minerals Europe Inc (Consolidated)
Statement of changes in equity for the period ended
September 30, 2020 (Expressed in Euros)

STATEMENT OF CHANGE IN EQUITY	**Share capital and premium**	**Other equity**	**Other reserves**	**Currency translation adjustment**	**Retained earnings**	**Total**
Balance at 31 December 2019	**13,371,343**	**-7,851,031**	**321,560**		**-4,571,468**	**1,270,404**
Correction of error (net of tax)			102			102
Restated total equity at the beginning of the financial year			**102**			**102**
Profit for the period					-1,182,650	-1,182,650
Total comprehensive income for the period					**-1,182,650**	**-1,182,650**
Dividends and distribution of the result		-4,571,468			4,571,468	0
Total contributions by and distributions to owners		**-4,571,468**			**4,571,468**	**0**
Balance at 30 September 2020	**13,371,343**	**-12,422,499**	**321,661**		**-1,182,650**	**87,855**

1. Nature of operations and basis of presentation

Strategic Minerals Europe Inc. (the "Company" or "SMEI") was incorporated on June 17, 2021 under the laws of Ontario, Canada; the head office is located at 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1.

On July 14, 2021, SMEI entered into an acquisition agreement with Strategic Minerals Spain S.L. ("SMS"), whereby the Company issued 200,000,000 shares and 1,252,395 share purchase warrants in return for all of the issued and outstanding shares of SMS (the "Vend-in Transaction"). As a result of the Vend-in Transaction, the former shareholders of SMS control SMEI. SMEI is engaged, through its ownership of SMS, in certain mining and exploration activities in Spain. The Vend-in Transaction constituted a restructuring of SMS as there was no substantive change in ownership of SMS. These financial statements we presented as a continuation of SMS.

On August 24, 2021, SMEI entered into share exchange agreement with Buccaneer Gold Corp. ("Buccaneer") whereby Buccaneer is expected to acquire all of the issued and outstanding shares of SMEI. The transaction is expected to constitute a reverse acquisition, whereby for financial reporting purposes, the transaction will be presented as the acquisition of Buccaneer by SME. The closing of the transaction is subject to a number of terms and conditions including the receipt of all necessary regulatory consents and approvals, the listing of the resulting issuer on the Neo Exchange Inc. (the "NEO"), and the delisting of Buccaneer from the Canadian Securities Exchange.

The acquisition of Buccaneer (the "RTO") will be recorded as an asset acquisition, whereby for accounting purposes SMEI is presented as acquiring the net assets of Buccaneer. Upon completion of the RTO, and prior to reflecting the effects of the financings, existing shareholders of SMEI are expected to own substantially all of the shares of the combined company, on a basic shares outstanding basis.

Completion of the RTO is subject to a number of conditions, including but not limited to, the NEO's acceptance and Buccaneer shareholder approval; there can be no assurance that the transaction will be completed as proposed or at all.

2. Basis of presentation of Financial Statements

2.1. Regulatory framework and true and fair view

These unaudited consolidated financial statements have been prepared to show the effect of the transactions.

The financial statement has been prepared as though the transactions had occurred on September 30, 2021. In preparing this financial statement, historical information was derived from:

- the statement of financial position of SMEI as at September 30, 2021; and
- the interim condensed statements of financial position of SMEI as at September 30, 2021.

In preparing the unaudited consolidated financial information, consideration was given to identifying accounting policy differences between SMEI and SMS where the impact was potentially material and could be reasonably estimated, the accounting policy differences had been identified and the adjustments are described in the statement of financial position, the accounting policies are conformed in all material respects to those of SMEI.

Further, these unaudited consolidated financial statements are not necessarily indicative of the financial position that may be obtained in the future; these differences may be material.

Adjustments

The unaudited consolidated financial statements reflect the adjustments related to the equity and the participating loans that have been eliminated.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's presentation and functional currency is the Euro (€).

Balance sheet items are classified as current if receipt or payment is due within twelve months; otherwise, they are presented as non-current.

The condensed interim financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value.

The unaudited condensed financial statements were prepared using the same accounting policies and methods as those used in the Company´s financial statements for the year ended December, 31 2020.

2.2. Accounting principles

No non-mandatory accounting principles have been applied. In addition, the Company has prepared these condensed interim financial statements taking into consideration all the mandatory accounting principles and standards that have a significant effect on these condensed interim financial statements. There is no accounting principle that is mandatory but has ceased to be applied.

2.3. Critical aspects of valuation and estimation of uncertainty going concern

In the preparation of these condensed interim financial statements estimates have been made by the Company's management to value some of the assets, liabilities, income, expenses and commitments recorded in them. Basically, these estimates refer to:

- The assessment of possible impairment losses on certain assets (Notes 3.1 and 3.2),
- The calculation of other provisions (Notes 3.9), and
- The market value of certain financial instruments (Note 3.5).

Although these estimates have been made on the basis of the best information available, it is possible that events that may occur in the future may make it necessary to modify them (upwards or downwards) in the coming years, which would be done,fnecessary, prospectively, recognizing the effects of the change in the estimates in the corresponding future profit and loss accounts.

COVID-19 pandemic
In 2020 COVID-19 became a worldwide health emergency, that affects population, businesses and the economy in general.

Spain has carried out measures with the intention of limiting the spread of the virus, as well as other measures aimed at cushioning its economic effects. These measures include the entry into force of the Royal Decree 463/2020, of March 14 2020, declaring the state of emergency for the management of the health crisis situation caused by COVID-19, which limits the free movement of people and the approval of the Royal Decree-Law 10/2020, of March 29 2020, which temporarily stops the economic activity of those entities that do not provide essential services.

Given the uncertainty in the duration and consequences of the situation caused by COVID-19, it was not possible to accurately determine the potential impacts that it will have for the entity, However, the Board of Directors analyzed different scenarios, and performed mitigating actions, In the most cautious scenario of those analyzed by the Company's Board of Directors, it was estimated that the entity would present losses in the financial year 2021.

Although it is difficult at the date of formulation of these condensed interim financial statements to make forecasts about the effects of the current situation on the economy, the Company, considering its particular situation and the measures it has carried out, considers that this situation will not affect it in a significant way.

2.4. Grouping of items

Certain items in the condensed interim financial statements are presented in a grouped form to facilitate their understanding, although, to the extent that it is significant, the disaggregated information has been included in the corresponding explanatory notes to the condensed interim financial statements.

2.5. Changes in accounting criteria

There have been no significant changes in accounting criteria with respect to 2020 and September 30, 2021.

2.6. Going concern principle

The accompanying SMEI balance sheet as of September 30, 2021, shows a working capital surplus of €3,537,219.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

As a result of a falling trend in mineral prices, the Company took some measures to optimize and decrease operating costs: staff reductions as well as the renegotiation and reduction of some services.

The Company is focused on improving operations through:

- Increasing production in order to reduce unit costs,
- Reinvest profits in the Company to achieve organic and sustainable growth,
- Loans were refinanced: The Company obtained a one-year grace period on its long-term debt; starting in 2021, payments of the loans are being paid each quarter (19 quarters) ending in 2025, and
- Negotiations with suppliers: agreements were reached with suppliers holding balances above €15,000 for payment deferrals, which are being paid in installments each quarter (19 quarters) ending in 2025.

3. Significant accounts policies

3.1 Exploration and evaluation assets

Exploration and evaluation assets involve activities in the search for mineral and metal resources, the determination of the technical feasibility and the evaluation of the commercial viability of an identified resource.

Exploration and evaluation expenditures include costs that are directly attributable to:

- Research and analysis of existing exploration data;
- Conducting geological surveys, exploratory drilling and sampling;
- Examining and testing mining and processing methods;
- Completion of pre-feasibility and feasibility studies; and
- Costs incurred in the acquisition of mineral rights.

Exploration and evaluation expenditures are capitalized by project and are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstration of technical feasibility and commercial viability, and subject to impairment analysis. Commercial and technical feasibility generally coincides with the establishment of proven and probable reserves; however, this determination may also occur when the companymakes the decision to proceed with development or when production commences.

3.2 Mineral properties

Mineral properties are carried at cost, less accumulated depletion and any accumulated impairment charges. Expenditures of mineral properties include:

I.- Acquisition costs which consist of payments for property rights and leases, including the estimated fair value of properties acquired as part of a business combination or the acquisition of a group of assets.

ii.- Exploration, evaluation and project investigation costs incurred on an area of interest once a determination has been made that a property has economically recoverable Mineral Resources and Mineral Reserves ("R&R") and there is a reasonable expectation that costs can be recovered by future exploitation or sale of the property. Exploration, evaluation and project investigation expenditures made prior to a determination that a property has economically recoverable R&R are expensed as incurred.

iii.- Deferred stripping costs which represent the cost incurred to remove overburden and other waste materials to access ore in an open pit mine. Stripping costs incurred prior to the production phase of the mine are capitalized and included as part of the carrying value of the mineral property. During the production phase, stripping costs which provide probable future economic benefits, identifiable improved access to the ore body and which can be measured reliably are capitalized to mineral properties. Capitalized stripping costs are amortized using a unit-of-production basis over the Proven and Probable Mineral Reserve to which they relate.

iv.- Development costs incurred on an area of interest once management has determined that, based on a feasibility study, a property is capable of economical commercial production as a result of having established a Proven and Probable Mineral Reserve are capitalized. Development costs are directly attributable to the construction of a mine. When additional development expenditures are made on a property after commencement of production, the expenditure is capitalized as mineral property when it is probable that additional economic benefit will be derived from future operations. Development costs are amortized using a unit-of-production basis over the Proven and Probable Mineral Reserve to which they relate.

v.- Interest and financing costs on debt or other liabilities that are directly attributed to the acquisition, construction and development of a qualifying asset are capitalized to the asset, all other borrowing costs are expensed as incurred, incidental pre-production expenditures, if any, are recognized in the statement of earnings, and net proceeds from sales generated during the development phase are deducted from the cost of the asset.

3.3 Property, plant and equipment

Administrative concessions are recorded at the amounts paid for their acquisition and are amortized on a straight-line basis, based on the years of economic exploitation of the mineral reserves estimated on the basis of technical studies and theexpected annual production.

Computer software are recorded at acquisition cost, which includes the amounts paid for their development or adaptation, and are depreciated on a straight- line basis over four years from the date of entry into operation.

Property, plant and equipment are valued at acquisition or production cost, this price includes, in addition to the amount invoiced by the seller, all additional expenses incurred until the asset is ready for use, including financial expenses when the production and installation period exceeds one year.

The acquisition price also includes the initial estimate of the present value of the obligations assumed as a result of dismantling or retirement and others associated with the asset, such as rehabilitation costs, when these obligations give rise to the recording of provisions. During the current year, no amounts have been capitalized in this connection.

The Company's policy for work carried out by the Company on its own property, plant and equipment is recorded at production cost, which is valued taking into account the cost of the materials used plus the other direct expenses necessary for the production of the asset, as well as the proportional percentage of the indirect costs and expenses arising from the production process.

Replacements or renewals of complete items as well as the costs of expansion, modernization or improvement that increase the useful life of the asset, its productivity or its economic capacity, are recorded as an increase in property, plant and equipment, with the consequent retirement of the replaced or renewed items.

Periodic maintenance, upkeep and repair expenses are charged to income, on an accrual basis, as a cost for the year in which they are incurred.

Depreciation has been calculated on the basis of the useful life of the assets and their residual value, considering the depreciation normally suffered due to their operation, use and enjoyment; each part of an item of property, plant and equipment has been depreciated separately on a straight-line basis:

DESCRIPTION	YEARS
Real estate	14 and 30
Installations	18
Machinery	8
Tools and Utensils	8
Furniture	20
Computer processing equipment	4
Other fixed assets	5

Impairment of property, plant and equipment and intangible assets:

At each balance sheet date or whenever there are indications of impairment losses, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that such assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). There were no impairment losses during the year.

3.4 Leasing

3.4.1, Right-of-use assets and lease liabilities for the year ended September 30, 2021 and December 31, 2020

The Company adopted IFRS 16 effective January 1, 2020, using the modified retrospective approach.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value - below €5,000. For these leases, the Company recognizes the lease payments as an expense in net earnings on a straight-line basis over the term of the lease.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, each operation's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option toterminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciatedin accordance with the Company's accounting policy for plant and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

	September 30, 2021 (€)	December 31, 2020 (€)
Right-of-use assets	155,589	228,985
Loans and borrowings	120,512	695,431
Contract liabilities	22,535	43,130

	September 30, 2021 (€)	December 31, 2020 (€)
Other Operating expenses (*)	-37,500	-50,000
Depreciation and amortization expense	-33,960	-45,280

Operating leases: As given in IFRS 16 there are critical judgements required in its application, including identifying whether a contract (or part of acontract) includes a lease and determining whether it is reasonably certain that an extension or termination option will be exercised. Sources of estimation uncertainty include estimation of the lease term, determination of an appropriate discount rate and assessment of whether a ROU asset is impaired. Such judgments, estimates and assumptions are inherently uncertain, and changes in these assumptions affect the fair value estimates.

Any collection or payment that may be made when contracting an operating lease will be treated as a prepayment or collection that will be charged to income over the lease term, as the benefits of the leased asset are transferred or received.

3.5 Financial instruments

Financial instruments are recognized on the balance sheet on the trade date, the date on which the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies its financial instruments in the following categories:

Financial assets at Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Company's intent is to hold these receivables until cash flows are collected. Receivables are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost using the effective interest method. The Company recognizes a loss allowance for expected credit losses on a financial asset that is measured at amortized cost.

Financial liabilities at Amortized Cost

Financial liabilities are measured at amortized cost using the effective interest method, unless they are required to be measured at FVTPL, or the Company has opted to measure them at FVTPL. Financial liabilities costs are Long-term debt and are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. The Company presents Trade and Other payables, liabilities, employee benefit obligation at amortized cost.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortized cost. Cash flows from the Company's derivative liability incorporate metal prices and volatility. Financial liabilities at FVTPL are initially recognized at fair value with changes to fair values recognized in the statement of earnings.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the statement of earnings (Loss).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of earnings (Loss).

Information on the nature and level of risk of financial instruments

The Company's financial risk management is centralized in the Finance Department, which has established the necessary mechanisms to control exposure to interest rate fluctuations, as well as credit and liquidity risks; the main financial risks affecting the Company are indicated below.

Credit risk: In general, the Company maintains its cash and cash equivalents in financial institutions with high credit ratings (Note 9).

Liquidity risk: In order to ensure liquidity and to be able to meet all payment commitments arising from its activity, the Company has the cash shown in its balance sheet (Note 9).

Interest rate risk: The Company's treasury is exposed to interest rate risk, which could have an adverse effect on financial results and cash flows. The Directors consider that the interest rate risk is not significant.

The Company has several loans granted in foreign currencies and could therefore be exposed to exchange rate risk.

3.6 Transactions in foreign currencies

The functional currency used by the Company is the Euro, Consequently, transactions in currencies other than the Euro are considered to be denominated in foreign currencies and are recorded at the exchange rates prevailing at the transaction dates (Note 16).

At year-end, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the balance sheet date, and any gains or losses disclosed are charged directly to the income statement for the year in which they arise

3.7 Income Tax

The income tax expense for the year is calculated as the sum of the current tax resulting from the application of the tax rate to the taxable income for the year and after applying the deductions and other tax benefits that are fiscally admissible, plus the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities arise from temporary differences, defined as amounts expected to be payable or recoverable in the future arising from the difference between the book value of assets and liabilities and their tax base, as well as tax loss carryforwards and tax credit carryforwards not applied for tax purposes. These amounts are recorded by applying to the corresponding temporary difference or credit the tax rate at which they are expected to be recovered or settled.

Deferred tax assets identified with temporary differences are only recognized if it is considered probable that the Company will have sufficient taxable profits in the future against which they can be utilized and they do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

At year-end, the deferred taxes recorded (both assets and liabilities) are reviewed to verify that they are still valid, and the appropriate corrections are made in accordance with the results of the analyses performed.

3.8 Revenues from sales and services rendered

Revenues and expenses are recognized on an accrual basis regardless of when the resulting monetary or financial flow arises.

Revenues are measured at the fair value of the consideration received or receivable and represent the amounts receivable for goods delivered and services rendered in the ordinary course of business, less discounts, VAT and other sales-related taxes.

Sales of minerals are ex-works and recognized when all significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue associated with the rendering of services is also recognized by reference to the stage of completion of the transaction at the balance sheet date, provided that the outcome of the transaction can be estimated reliably.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly matches estimated future cash receipts over the expected life of the financial asset to the net carrying amount of the asset.

3.9 Provisions and contingencies

In preparing the condensed interim financial statements, the Company's Directors distinguish between:

3.9.1 Provisions: credit balances covering current obligations arising from past events, the cancellation of which is likely to give rise to an outflow of resources, but which are indeterminate as to their amount and/or time of cancellation.

3.9.2 Contingent liabilities: possible obligations arising from past events, the future materialization of which is conditional upon the occurrence or non-occurrence of one or more future events beyond the Company's control.

These condensed interim financial statements include all provisions for which it is considered more likely than not that the obligation will have to be settled. Contingent liabilities are not recognized in the financial statements, but are disclosed in the notes to the financial statements, to the extent that they are not considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, considering the information available on the event and its consequences, and any adjustments arising from the restatement of such provisions are recorded as a financial expense as accrued.

The compensation to be received from a third party at the time of settling the obligation, provided that there are no doubts that such reimbursement will be received, is recorded as an asset, except in the event that there is a legal link whereby part of the risk has been externalized, and by virtue of which the Company is not obliged to respond; in this situation, the compensation will be taken into account to estimate the amount for which, if applicable, the corresponding provision will be recorded.

3.10 Related party transactions

The Company carries out all transactions with related parties at market values (Note 15).

3.11 Environmental assets

Assets of an environmental nature are considered to be assets that are used on a lasting basis in the Company's activity, the main purpose of which is to minimize environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Expenses arising from business activities aimed at protecting and improving the environment are expensed in the year in which they are incurred; during 2020 and the periods ended September 30, 2021 the Company has not made any investments.

3.12 Severance indemnities

In accordance with current labor regulations, the Company is obliged to pay severance indemnities to those employees with whom, under certain conditions, it terminates their employment relationships. Therefore, severance payments that can be reasonably quantified are recorded as an expense in the year in which the decision to terminate employment is taken.

During 2020, the amount accrued for dismissals agreed and/or carried out amounted to €72,986, which have been recorded with a charge to "Personnel expenses" in the statement of earnings (Loss). As at September 30, 2021, the amount was €801 (Note 13b).

At the date of preparation of these condensed interim financial statements, the Company's directors had not made any resolutions, nor did they have any plans for future dismissals in addition to those already indicated. For this reason, the condensed interim financial statements do not include any additional provisions.

3.13 Current and non-current items

Current assets are considered to be those related to the normal operating cycle, which is generally considered to be one year, as well as other assets whose maturity, disposal or realization is expected to occur in the short term from the year-end date, financial assets held for trading, with the exception of financial derivatives whose settlement period exceeds one year, and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current.

Similarly, current liabilities are those related to the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives with a settlement period exceeding one year and, in general, all obligations whose maturity or extinction will occur in the short term; otherwise, they are classified as non-current.

4. Exploration and evaluation assets

The summary of the transactions recorded under this caption of the SMS balance sheet in September 30, 2021 and December 31, 2020 is as follows (in Euros):

(Euros)	Exploration and evaluation
Balance December 31 2020	**2,456,215**
Balance September 30, 2021	**2,456,215**

Net Book Value (Euros)	September 30, 2021	December 31, 2020
Exploration and evaluation	2,456,215	2,456,215
Total Net	**2,456,215**	**2,456,215**

5. Property, plant and equipment

The summary of the transactions recorded under this caption of the SMS balance sheet in September 30, 2021 and December 31, 2020 is as follows (in Euros):

	Infrastructure	Technical installations and other tangible assets	Fixed assets under construction	Administrative concessions	Computer software	Total
Balance December 31, 2020	**1,219,039**	**9,303,476**	**736,799**	**9,425,533**	**352,558**	**21,037,405**
Additions		*10,206*	*394,204*			404,410
Retirements		*-14,405*	*-15,965*			-30,370
Balance September 30, 2021	**1,219,039**	**9,299,277**	**1,115,038**	**9,425,533**	**352,558**	**21,411,445**

Accumulated Depreciation (Euros)	Infrastructure	Technical installations and other tangible assets	Fixed assets under construction	Administrative concessions	Computer software	Total
Balance December 31, 2020	**-193,405**	**-1,519,808**	**-113,658**	**-1,570,919**	**-352,558**	**-3,750,347**
Allocations	*-32,825*	*-526,853*		*-388,501*		-948,179
Applications		*-464*				-464
Balance September 30, 2021	**-226,230**	**-2,047,124**	**-113,658**	**-1,959,420**	**-352,558**	**-4,698,990**

Net Book Value	September 30, 2021	December 31, 2020
Infrastructure	992,809	1,025,635
Technical installations and other tangible assets	7,252,153	7,783,668
Fixed assets under construction	1,001,380	623,141
Administrative concessions	7,466,113	7,854,614
Total Net	**16,712,455**	**17,287,058**

The changes occurred are again due to the transfer from Assets in Progress to Fixed Assets.

Disposals in the year 2020 mainly relate to write-offs or losses of fixed assets, which are individually insignificant.

6. Right-of-use assets

SMEI Right-of-use assets (Euros)	TOTAL
Balance December 31, 2020	**512,631**
Balance September 30, 2021	**512,631**

Accumulated Depreciation (Euros)	TOTAL	
Balance December 31, 2020	**-273,646**	
Allocations	*-83,396*	
Balance September 30, 2021	**-357,042**	
Net Book Value	**September 30, 2021**	**December 31, 2020**
Right-of-use	155,589	228,985
Total Net	**155,589**	**228,985**

7. Inventories

Inventories are composed of the following:

- Other supplies: spare parts
- Finished goods: tonnes produced of Tin and Tantalum
- Impairments: difference of inventory.

SMEI (Euros)	September 30, 2021	December 31, 2020
Other supplies	40,751	45,834
Finished goods	212,634	151,250
Impairments	-35,376	-22,917
	218,009	**174,167**

8. Trade and other receivables

Trade and other receivables are comprised of the following:

SMEI (Euros)	September 30, 2021	December 31, 2020
Trade receivables	814,744	63,738
Prepaid expenses	36,584	0
Other current assets	1,884	684
	853,212	**64,422**

9. Cash and cash equivalents

SMEI (Euros)	Consolidated September 30, 2021	Consolidated December 31, 2020
Bank accounts	4,802,064	205,734
Cash	48	164
	4,802,112	**205,898**

This caption includes cash and short-term bank deposits with an initial maturity of three months or less. There are no restrictions on the free availability of balances. The carrying amount of these assets approximates their fair value.

10. Short and long-term financial liabilities

SMEI Short and long-term financial liabilities	September 30, 2021	December 31, 2020
Long-term payables to credit institutions	2,254,893	2,762,558
Long-term payables to group companies and associates	0	15,629,184
Long-term payables to public institutions	436,780	509,576
Long-term lease liabilities	57,617	70,949
Other long-term debts	88,024	185,854
Short-term payables to credit institutions	673,237	614,429
Short-term payables to public institutions	72,797	
Short-term lease liabilities	17,686	16,140
Trade and other accounts payable	1,528,853	1,569,269
Employees benefit obligations	99	68,091
Other short-term debts	322,803	437,182
Total Net	**5,452,789**	**21,863,232**

At March 2021 and June 2021 a total €15,629,001 was capitalized within SMS.

In January 2019, the Company received the first installment of a grant equivalent to a total of €509,577 from the Ministry of Science and Innovation. As of September 30, 2021, no interest payment has yet been made, given that the loan has a 3-year grace period.

Debts with group and associated companies

As at 30th September 2021 there are some debts with related parties (Note 15).

The amounts owed by the Company in relation to operating loans, maturing in 2020, accrue interest at 3% calculated on the principal at the time pending repayment, payable at the time of maturity of the loan. In 2020, accrued interest amounted to €417,737.

Debts with credit institutions

The Company has secured bank loans during 2020 for a total amount of €3.279 million and does not foresee liquidity problems to maintain operations, fulfill its financial commitments or to continue with its long-term plan.

As per September 30,2021 the bank loans are as follows:

SMEI Loans (Euros)	Starting Date	Due Date	Balance short-term	Balance long-term
Abanca 1708-0 (Refinancing)	October 2020	October 2025	34,566	117,223
Abanca 1710-6 (Refinancing)	October 2020	October 2025	37,152	120,743
Abanca 1932-8	October 2020	October 2025	17,752	60,203
Sabadell 8077053720	March 2020	December 2025	479,585	1,642,919
Bankia 02082	December 2020	September 2025	38,872	122,603
Caja Rural 4950	October 2020	April 2025	28,061	80,117
BBVA 1326	September 2020	October 2025	34,405	111,084
Total Net			**673,237**	**2,254,893**

Other debts loans with the Administration (Ministerio de Industria): The Company has a loan with the Administration of €509,577.

Other short-term payables

The caption "Other short-term payables" includes at September 30, 2021 a balance of €322,803 with suppliers of fixed assets as the most significant balance.

11. Shareholders' equity

As at September 30, 2021, SMEI has 225,815,000 common shares outstanding, as well as 27,067,395 share purchase warrants exercisable at CDN$0.40 and expiring on July 16, 2026 (the "2026 Warrants"); these were issued as follows:

(i) One common share was issued on incorporation and subsequently cancelled upon the restructuring of SMS and SMEI on July 14, 2021;

(ii) On July 14, 2021, 200,000,000 common shares and 1,252,395 Warrants were issued to the shareholders of SMS in exchange for all of the shares of SMS pursuant to the Vend-in Transaction;

(iii) Between July and September 2021, SMEI issued 24,825,000 units (the "Units") in consecutive tranches of a Unit financing (the "Financing"). Each Unit consists of one common share and one 2026 Warrant and were issued at CDN$0.25 per Unit; and

(iv) Between July and September 2021, SMEI issued 990,000 Units in payment of advisory fees related to the Financing.

Strategic Minerals Europe Inc. Statement of Shareholders (period from June 17, 2021 to September 30, 2021)	Common Shares #	Warrants #
Issued on incorporation	1	-
Cancelation of initial share	(1)	-
Restructuring of SMS and SME on June 14, 2021	200,000,000	1,252,395
Private Placements – July 2021 – September 2021	24,825,000	24,825,000
Advisory fee related to private placements	990,000	990,000
Balance, September 30, 2021	**225,815,000**	**27,067,395**

12. Tax situation

Current balances with public authorities

The composition of current balances with Public Administrations as of September 30, 2021 and December 31, 2020 is as follows (in Euros):

SMEI Current balances with Public Authorities (Euros)	September 30, 2021		December 31, 2020	
	Balance Debtor	Balance Creditor	Balance Debtor	Balance Creditor
VAT receivable	339,095		188,089	0
Tax refund receivable			0	0
Tax authorities withholding tax		37,406	0	11,976
Social Security agencies		32,498	0	33,431
Total	**339,095**	**69,904**	**188,089**	**45,407**

Years pending audit and tax audits

In accordance with tax legislation, taxes should not be considered definitively settled until the returns filed have been inspected by the Tax Authorities or the four-year statute of limitations period has elapsed.

The Company's directors consider that they have duly settled the taxes applicable to the Company. However, as a consequence, among others, of the different interpretations of the tax legislation in force, additional liabilities could arise whose amount cannot be objectively determined, the accounting has worked with the most conservative and prudent criteria.

13. Revenues and expenses

a) Net Revenue

SMEI Net Revenue (Euros)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Sales	3,484,309	848,628	5,146,502	1,436,109
Services	1,230		1,230	276
Total	**3,485,539**	**848,628**	**5,147,732**	**1,436,385**

b) Personnel expenses

The breakdown of the item "personnel expenses" in the profit and loss account is as follows (in Euros):

SMEID Personnel expenses (Euros)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Wages and Salaries	271	255,388	776,621	537,080
Severance	401	625	801	72,986
Social Security paid by the Company	80,804	77,095	243,549	187,014
Other social benefits	37,570	80	50,174	80
Total	**389,823**	**333,188**	**1,071,145**	**797,160**

Due to COVID-19, the Spanish government approved a law whereby companies could temporarily decrease or suspend the labour contracts. The Company opted for this measure in 2020.

As of September 30, 2021, and December 31, 2020 there are no pension commitments or obligations.

c) Operating expenses

The details of the heading "Other operating expenses" in the statements of earnings (Loss) are as follows:

(Euros)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
LEASES AND FEES	22,653	23,535	134,278	52,445
MAINTENANCE	49,569	12,957	80,252	20,004
PROFESSIONAL SERVICES	360,822	155,394	641,494	316,062
TRANSPORT	3,990	0	7,848	639
INSURANCE	5,388	9,468	27,671	29,917
BANK SERVICES	2,041	13,158	7,374	21,217
ADVERTASING & OTHERS	4,048	0	4,048	0
SUPPLIES	395,773	167,550	701,768	359,259
OTHERS SERVICES	18,006	10,594	27,602	26,010
TAXES	11,878	2,126	26,907	5,545
TOTAL	**851,538**	**394,782**	**1,659,241**	**831,096**

d) Other income

(Euros)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
GRANTS	-12,188	0	146,286	25,185
OTHER INCOMES	1,814	1,782	5,411	6,196
TOTAL	**-10,373**	**1,782**	**151,697**	**31,382**

14. Provisions and contingencies

At September 30, 2021, there is a provision for decommissioning, once the economic life of the mine has ended. This relates to the provision for dismantling the mine facilities, which in turn is related to the Rehabilitation account of the asset.

The Company recognized a provision for future estimated reclamation and water treatment costs of the mine. As at September 30, 2021, the estimated future liability of approximately €686,589 (December 31, 2020: €692,498), was discounted at a rate of 1.077%. This estimate assumes that future mining operations would never resume. As the Company continues its exploration program, works towards a future mining scenario, and carries out reclamation work, the underlying assumptions to the reclamation provision will be adjusted accordingly.

15. Transactions and balances with related parties

Transactions with related parties

Transactions with related companies (Note 3.10), which are recorded under the corresponding headings in the statements of earnings (Loss) are as follows (in Euros):

[1]Related Company	Operating Expenses (Note11c)
Sequoia Venture Capital S, L	11,475

Related Company	Loan interest (Euros)	
	September 30, 2021	December 31, 2020
Pacific Strategic Minerals Corp.	130,642	320,004
Salamanca Ingenieros, S.L.	1,429	17,060
Highgrade Recursos – Servicios e Investimentos Unipessoal LDA	5,045	34,952
Total	**137,116**	**372,016**

The transactions recorded with Sequoia Venture Capital S.L. correspond mainly to the lease of facilities and other advisory and technical assistance services.

Balances with related parties

Balances with related parties recorded under the corresponding captions of the balance sheet as of December 31, 2020 and September 30, 2021, are as follows (in Euros):

[1] All were originally shareholders of SMS and became shareholders of SMEI as a result of the Vend-in Transaction

Related Company	Participating loans (Note 10)		Trade payables (Note 10)	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Pacific Strategic Minerals Corp,	1	5,317,391	5,040	0
Sequoia Venture Capital S.L.	37	354,608	0	0
Highgrade Recursos – Servicios e Investimentos Unipessoal LDA	146	1,147,580	0	0
Total	**184**	**6,819,579**	**5,040**	**0**

Information on the Board of Directors and Senior Management

The Chair of the board of directors has been paid fees during the first nine months ended September 30, 2021 amounting to €41,206 (during fiscal year 2020, €39,867); he has not been granted any advances or loans, nor has he taken out any pension or life insurance obligations.

However, as senior management personnel, specifically, Jaime Pérez Branger and Francisco García Polonio, in 2018 have received salaries, allowances and health insurance since June 2018.

16. Foreign Currency

The detail of the most significant balances and transactions in foreign currencies (USD$), valued at the closing exchange rate and average exchange rate, respectively, are as follows, in Euros:

Euros	September 30, 2021	December 31, 2020
Foreign Currency Balances	170,981	25,764
Total	**170,981**	**25,764**
Transactions in Foreign Currency	3,473,027	1,152,740
Total	**3,473,027**	**1,152,740**

Guarantees

As of September 30, 2021, the Company has provided bank guarantees to various bodies:

Proyect	Amount €	Signed Date	Due date
Restoration of the right to use Penouta nº 61	181,838	12/05/2014	undetermined
Alberta II - Research permit	9,420	07/28/2010	undetermined
Penouta - Public road	3,360	25/04/2019	undetermined
Ministerio de Industria Loan	127,394	10/11/2018	undetermined
Madrid - Office	5,100	06/01/2020	06/01/2022
	327,112		

17. Subsequent events

Subsequent to period end, SMEI has closed another tranche of the Financing, raising €542,373.

18. Socially responsible, sustainable and scalable

Sustainability is integrated within the organization as a critical concept in each and every activity, in order to ensure that the Company conducts its mining activities in a sustainable way, generating economic, environmental, and social benefits within the framework of a Circular Economy:

- The recovery and sale of abandoned mining wastes in an environmentally degraded area, where no rehabilitation process was carried out after closure of the old mining works, this results in a net reduction in the amount of these wastes.
- The recovery of conflict-free strategic and critical metals like tin, tantalum, and niobium as well as industrial minerals, which together bring a reduction of wastes up to 80%.
- The design and development of a modern mining plant has allowed the efficient use of energy and water resources. The use of chemical substances is avoided, because it is an exclusively gravimetric process (environmentally-friendly technology).
- The Penouta mine scheme could also be applied to other similar mining deposits, not only in Spain but also in Europe which contain Sn associated with various critical rare metals such as tantalum, niobium and tungsten. There are numerous deposits that have been previously exploited and were mostly abandoned after the fall in metal prices.

From the social point of view:

- The Company signed collaboration agreements with local communities in order to prioritize hiring resident workers, as well as to promote the execution of service contracts with local companies. As a result of these commitments, 57% of the direct workers employed in the Company belong to the nearby area of the Viana do Bolo Council, which increases to 71% when the radius is expanded to its surrounding areas.
- At least 30% of the personnel to be employed by the different contractors of the Company (services contracted with companies in the area, such as canteen service, civil works, earthworks, etc.) are agreed to be local staff. As a result, 82% of the people who directly and indirectly work in the mine are from the Viana do Bolo Council and its immediate surroundings.
- This resulted in the creation of more than 70 direct jobs and 30 indirect jobs when starting operations after decades of economic decline and depopulation. The Company will continue to create jobs in a severely degraded rural area.
- Additionally, the Company organizes regular scholars' visits with the Viana do Bolo School and collaborates with the local high school to create vocational training centers, thereby helping the students of the province to develop not only theoretical but also practical training through the Company.

During the short time that the Company has been in business, SMS has been recognized with many different awards:

- Mentioned on the Circular Economy Industry Platform of the Business Europe site since April 2017 for sustainable mining waste exploitation.
- It was selected to take part in a European study to support the preparation of the best practices guide in the waste management plans of the extractive industries.
- The Company has been recognized by the EU as an exemplary company of good practices in the circular economy, being one of the 10 examples of European projects, developing its own section in the 2019 JRC Science for Policy Report, to reflect good practices in the recovery of critical raw materials.
- We have been invited to participate in several workshops organized by European organizations such as the Operational Group of EIP on Raw Materials (DG Grow.)
- Associated with Sustainable Mining of Galicia since February 2019.
- It has been one of the 25 companies recognized in the European Business Awards for the Environment in the EBAE 2019/2020 edition, selected among 115 companies that were nominated. These are awards for those companies that successfully combine the economic viability of their businesses with the protection of the environment.

Additionally, SMS has been involved in European projects and associations for the development of the critical raw materials sector, from the point of view of sustainability and the circular economy:

- Participant in the European Commission’s H2020 TARANTULA project to recover critical raw materials from mining waste, using environmentally friendly, sustainable and low-cost metallurgical processes.
- Member of the European Raw Materials Alliance (ERMA) since December 2020.
- Member of the governance group DG Grow of EIP on Raw Materials since June 2021.

With regard to energy consumption, the Company is engaged in advanced discussions with two groups regarding wind and photovoltaic power generation, which will allow access to government subsidies and excess power that the Company can sell to help reduce its carbon footprint.

19. Risk Factors

Exploration, development and mining of precious metals involve numerous inherent risks resulting from the economic conditions of the various areas of operation. As such, the Company is subject to several financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows. Although the Company assesses and minimizes these risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel and developing their skills through training and development programs, these risks cannot be eliminated.

Such risks include, but are not limited to:

1. Liquidity risks
2. Mineral price volatility
3. Future production rates
4. Financing risks: Indebtedness of the Company

5. Restrictive covenants in indebtedness
6. Current global markets and economic conditions
7. Availability and cost of supplies
8. Exploration, development and operations
9. Changes in environmental laws
10. Mining risks and insurance risks
11. Changes in legislation
12. COVID-19

If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently aware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the prices of the Company's securities could decline and investors may lose all or part of their investment.

Given the uncertainty in the duration and consequences of the situation caused by COVID-19, it is not possible to accurately determine the potential impacts that it will have for the entity. However, Board of Directors is analyzing the different scenarios, and is performing mitigating actions. The Company believes that its financial position is such that it faces no going concern issues in the foreseeable future.

Significant factors in 2021 that mitigated financial risks included the following:

1. During the second half of 2021 SMEI was incorporated in Canada as a vehicle to obtain a stock exchange listing and financing for SMS and in July, 2021, pursuant to the Vend-in Transaction, the shareholders of SMS exchanged their shares of SMS for shares of SMEI, thereby making SMS a wholly-owned subsidiary of SMEI. On August 24, 2021, SMEI announced that it had signed a share exchange agreement with Buccaneer pursuant to which SMEI would complete the RTO Transaction by way of share exchange with Buccaneer, as a result of which the shareholders of SMEI would gain control of Buccaneer. In conjunction with the RTO Transaction and pursuant to the Financing, as of September 30, 2021, SMEI had raised €4,156,988 in equity financing to support the operations of SMS.

2. Subsequent to period end, SMEI has closed another tranche of the Financing, raising €542,373.

3. A shareholder loan of €5.0 million was entered into between SMS and the Company.