UHY Fay & Co

Financial Statements and
Auditor's report

for the period ended December 31, 2020 and 2019

Strategic Minerals Spain, S.L.

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Auditor's report

for the year ended December 31, 2020

Strategic Minerals Spain, S.L.

UHY Fay & Co
Chartered Accountants

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Independent Auditor´s Report

To the shareholders of **Strategic Minerals Spain S.L:**

Opinion

We have audited the financial statements of **Strategic Minerals Spain S.L (the Company),** which comprise:

- the statement of financial position as at December 31, 2020 and 2019;
- the statement of comprehensive income for the years ended December 31, 2020 and 2019;
- the statement of changes in equity for the years ended December 31, 2020 and 2019;
- the statement of cash flows for the years ended December 31, 2020 and 2019;
- the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

We conducted our audit in accordance with international generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations. Management´s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This issue does not change our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except as described in section "Going Concern", we determined that there are no key audit matters to be communicated in our auditor´s report.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentantion of the financial statements in accordance with the International Financial Reporting Standards (IFRS), and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Equity´s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends lo liquidate the Equity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Equity´s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial statements

Our objetives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international regulatory framework will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA), we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management´s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Company cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with Company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

September 30, 2021

UHY Fay & Co Auditores Consultores S.L.
Certified Public Accountants - Spain

Bernard A. J. Fay
Audit Partner

FINANCIAL STATEMENTS
OF

Strategic
Minerals Spain

COMPANY: Strategic Minerals Spain S.L.

C.I.F.: B-37512753

FISCAL YEAR: 2020

Balance Sheet

for the period ended December 31, 2020 and 2019

Strategic Minerals Spain, S.L.

Strategic Minerals Spain, S.L.

Balance Sheet for the period ended December 31, 2020 and 2019 (Expressed in Euros)

ASSETS (Euros)	2020	2019
Current assets	**632,576**	**377,697**
Trade and other receivables (Note 8 and 12)	251,827	214,794
Cash and cash equivalents (Note 9)	205,898	18,404
Inventories (Note 7)	174,167	124,827
Other current assets (Note 8)	684	19,672
Non-current assets	**21,022,727**	**21,918,576**
Property, plant and equipment (Note 5)	17,287,059	18,867,217
Exploration and evaluation (Note 4)	2,456,215	2,456,215
Deferred tax assets	722,704	20
Other assets	327,764	324,264
Right-of-use assets (Note 6)	228,985	270,860
Total Assets	**21,655,303**	**22,296,274**

EQUITY AND LIABILITIES (Euros)	2020	2019
Current liabilities	**2,750,518**	**4,389,529**
Trade and other payables (Note 10 and 15)	1,569,269	1,689,075
Borrowings (Note 10)	614,429	1,801,817
Contract liabilities (Note 10)	437,182	518,172
Employee benefit obligations (Note 10)	68,091	132,972
Current tax liabilities(Note 12)	45,407	161,290
Lease liabilities (Note 10)	16,140	86,202
Non-current liabilities	**19,850,620**	**16,636,341**
Loans and borrowings (Note 10 and 15)	19,087,173	15,925,662
Provisions (Note 14)	692,498	688,572
Lease liabilities (Note 10)	70,949	22,108
Equity	**-945,835**	**1,270,404**
Share capital and share premium (Note 11)	13,371,343	13,371,343
Other reserves	321,661	321,560
Other equity	-12,405,913	-7,851,031
Retained earnings	-2,232,926	-4,571,468
Total Equity and Liabilities	**21,655,303**	**22,296,274**

Income Statement

for the period ended December 31, 2020 and 2019

Strategic Minerals Spain, S.L.

Strategic Minerals Spain, S.L.
Income Statement for the period ended December 31, 2020 and 2019 (Expressed in Euros)

(Euros)	2020	2019
Continuing operations		
Revenue (Note 13 a)	2,424,647	2,957,460
Changes in inventories of finished goods and work in progress	84,826	110,124
Raw materials and consumables used	-418,705	-867,166
Supplies	-578,817	-868,768
Gross profit	**1,511,951**	**1,331,650**
Other operating income	35,237	203,297
Other gains/(losses) – net	-122,116	270,658
Depreciation and amortisation expense (Note 5 and 6)	-1,464,886	-1,471,308
Employee benefit expenses (Note 13 b)	-1,128,799	-2,199,715
Other operating expenses (Note 13 c)	-1,273,248	-2,253,738
Operating profit	**-2,441,861**	**-4,119,157**
Finance income	41,357	15,997
Finance costs	-555,106	-468,308
Profit before income tax (Loss)	**-2,955,610**	**-4,571,468**
Income tax expense (Note 13)	722,684	0
Profit from continuing operations (Loss)	**-2,232,926**	**-4,571,468**
Profit is attributable to owners	-2,232,926	-4,571,468
Profit is attributable to non-controlling interests	0	0

Statement of changes in equity

for the period ended December 31, 2020-2019

Strategic Minerals Spain, S.L.

Strategic Minerals Spain, S.L.
Statement of changes in equity for the period ended December 31 2020-2019 (Expressed in Euros)

	Attribuitable to owners					
(Euros)	**Share capital and premium**	**Other equity**	**Other reserves**	**Retained earnings**	**Total**	**Total Equity**
Balance at 31 December 2018	**13.371.343**	**-3.177.710**	**238.802**	**-4.670.400**	**5.762.034**	**5.762.034**
Correction of error (net of tax)		-2.920	82.758		79.838	79.838
Restated total equity at the beginning of the financial year	**0**	**-2.920**	**82.758**	**0**	**79.838**	**79.838**
Profit for the period (Loss)				-4.571.468	-4.571.468	-4.571.468
Total comprehensive income for the period (Loss)	**0**	**0**	**0**	**-4.571.468**	**-4.571.468**	**-4.571.468**
Dividends and distribution of the result (Loss)		-4.670.400		4.670.400	0	0
Total contributions by and distributions to owners	**0**	**-4.670.400**	**0**	**4.670.400**	**0**	**0**
Balance at 31 December 2019	**13.371.343**	**-7.851.031**	**321.560**	**-4.571.468**	**1.270.404**	**1.270.404**
Correction of error (net of tax)		16.586	102		16.687	16.687
Restated total equity at the beginning of the financial year	**0**	**16.586**	**102**	**0**	**16.687**	**16.687**
Profit for the period (Loss)				-2.232.926	-2.232.926	-2.232.926
Total comprehensive income for the period (Loss)	**0**	**0**	**0**	**-2.232.926**	**-2.232.926**	**-2.232.926**
Dividends and distribution of the result (Loss)		-4.571.468		4.571.468	0	0
Total contributions by and distributions to owners	**0**	**-4.571.468**	**0**	**4.571.468**	**0**	**0**
Balance at 31 December 2020	**13.371.343**	**-12.405.913**	**321.661**	**-2.232.926**	**-945.835**	**-945.835**

Statement of cash flows and

Notes to the financial statements

for the period ended December 31, 2020 and 2019

Strategic Minerals Spain, S.L.

Strategic Minerals Spain, S.L.
Statement of cash flows for the period ended December 31, 2020 and 2019 (Expressed in Euros)

(Euros)	2020	2019
Cash flows from operating activities		
Net loss for the year	-2,441,861	-4,119,157
Depreciation	1,464,886	1,471,308
Finance income	38,959	15,997
Finance expense	-552,707	-468,308
Net change in operating assets and liabilities	**-1,490,724**	**-3,100,160**
Trade and other receivable	-37,033	738,780
Trade and other payable	-119,806	150,755
Income tax paid	-115,883	54,936
Net cash provided by operating activities	**(1,763,445)**	**(2,155,688)**
Cash flow from investing activities		
Payments for property, plant and equipment	-13,388	236,436
Payments for financial assets at fair value through other comprehensive income	-3,500	10,183
Proceeds from sale of property, plant and equipment	201,070	-
Other proceeds from disposal	-27,791	-177,724
Cash flow provided by investing activities	**156,391**	**68,895**
Proceeds from borrowings	1,773,327	2,191,938
Principal elements of lease payments	21,221	-108,310
Net cash (outflow) from financing activities	**1,794,548**	**2,083,629**
Net increase in cash and cash equivalents	**187,494**	**(3,165)**
At the beginning of the year	18,404	21,570
At the end of the year	**205,898**	**18,404**

1. Company's activity

Strategic Minerals Spain S.L. (hereinafter, the Company) was incorporated on December 22, 2011, for an indefinite period of time and with a share capital of €1,503,010. At 31 December 2020, the share capital amounts to €4,554,162, divided into 4,554,162 fully subscribed and paid-up shares of 1 Euro each (see Note 11).

Its current registered office is established at Calle Núñez de Balboa 116, 3ª floor, office 2ºB 28006 Madrid, previously it was located at Serrano nº 41, sixth floor, office 2; 28001 Madrid, Spain, such modification is recorded in the public deed with protocol number 655, before the illustrious notary Antonio Doral Alvarez, registered on 29/05/2020.

The purposes of the Company, as stated in its bylaws are:

- The exploration, research and industrial processing of all kinds of minerals and metals;
- The purchase and sale of minerals and metals;
- The constitution of mining concessions, as well as the acquisition and alienation of the same;
- The acquisition and sale of shares and mining rights in general;
- The rendering of services to other companies or institutions related, directly or indirectly, to mining;
- The incorporation or integration of companies or associations of any nature, whose purposes are similar to those of its corporate purpose;
- And any other commercial activities related to the development of the aforementioned activities.

During 2020, the installation and start-up of the ore processing facilities located at Carretera OU-0901 km 14, 32558 Penouta - Viana do Bolo, Ourense, was carried out.

2. Basis of presentation of Financial Statements

2.1. Regulatory framework and true and fair view

These 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.

2.2. Accounting principles

No non-mandatory accounting principles have been applied. In addition, the Directors have prepared these financial statements taking into consideration all the mandatory accounting principles and standards that have a significant effect on these 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 financial statements estimates have been made by the Company's Directors 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).
- The market value of certain financial instruments (Note 3.5).

Despite these estimates having been made on the basis of the best information available, it is possible that future events might make it necessary to modify these (upwards or downwards) in coming years, which will be done in a prospective manner, recognizing the effects of the change in the estimates in the corresponding future profit and loss accounts.

Strategic Minerals Spain has prepared these financial statements under the going concern principle, having taken into account the current situation of COVID-19.

COVID-19 – more popularly known as coronavirus – has become a health emergency worldwide, that affects population, businesses and the economy in general.

Against this background, 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 alarm 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.

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

The Board of Directors of the Company following the government’s instructions, and in accordance with its risk contingency plan, has carried out the following actions:

- Due to the health crisis COVID-19, the Spanish government approved a law where companies could temporally decrease or suspend the labour contracts. It was a temporary measure. The Company opted for this measure.
- The Company stablished cost saving measures.

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, taking into account its particular situation and the measures it has carried out, it was estimated that the entity would face the situation in the next 12 months, being able to comply with the principle of going concern.

2.4. Grouping of items

Certain items in the 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 financial statements.

2.5. Changes in accounting criteria

There have been no significant changes in accounting criteria with respect to 2020 and 2019.

2.6. Going concern principle

The accompanying balance sheet as of December 31, 2020, shows a working capital deficit of €2,117,943.
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
- Reinvesting 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 will be paid each quarter (19 quarters) ending in 2025.
- Negotiations with suppliers: agreements were reached with suppliers holding balances above €15,000 for payment deferrals, which will now be paid in installments each quarter (19 quarters) ending in 2025.
- Looking for new external financing opportunities: To improve the working capital and balance the net equity the Company is looking for new partners, so in 2021 it is pursuing a public listing in Canada.

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 company makes 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. Net proceeds from sales generated during the development phase are deducted from the cost of the asset.

3.3 Plant and equipment

Administrative concessions. These 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.

Bedrock mineral. Currently, the mineral is not being mined on bedrock, but reusing the abandoned material from a previous exploitation, which is why it is amortized on a linear basis.

Computer software. These 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, taking into account 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

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

The Company adopted IFRS 16 effective December 31, 2019, 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 - €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;
- 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;
- 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.

	2020	2019
Right-of-use assets	228,985	270,86
Loans and borrowings	695,431	738,562
Contract liabilities	43,13	41,874

	2020	2019
Other Operating expenses (*)	-50,000	-50,000
Depreciation and amortization expense	45,280	44,070

** Expense decrease*

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.

Income and expenses arising from operating lease agreements are charged to the Statement earnings (Loss) abridged income statement in the year in which they accrue (Note 13.c).

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 cost is long-term debt and is 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. 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 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 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 abridged 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 abridged 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, taking into account 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 as to whether or not the obligation will be settled.

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 Environmental assets

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 the Company has incurred environmental expenses amounting to €3,926 (€5,536 in 2019), which are recorded under

"Other operating expenses" in the statement of earnings (Loss) (Note 13.c).

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 €72,987, which have been recorded with a charge to "Personnel expenses" in the statement of earnings (Loss) (Note 13.b).

At the date of preparation of these financial statements, the Company's directors hadnot made any resolutions, nor did they have any plans for future dismissals in addition to thosealready indicated. For this reason, the 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

The summary of the transactions recorded under this caption of the balance sheet in 2020 and 2019 is as follows (in Euros):

Exploration and evaluation (Euros)	Exploration and evaluation
Balance December 31 2018	2,456,215
Balance December 31 2019	2,456,215
Balance December 31 2020	**2,456,215**

Net Book Value	2020	2019
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 balance sheet in 2020 and 2019 is as follows (in Euros):

ASSETS (Euro)	Infrastructure	Technical installations and other tangible assets	Fixed assets under construction	Administrative concessions	Computer software	Total
Balance December 31 2018	**1,219,039**	**9,254,074**	**720,834**	**9,425,533**	**352,558**	**20,972,038**
Additions	*0*	*237,084*	*15,965*	*0*	*0*	*253,049*
Retirements	*0*	*0*	*0*	*0*	*0*	*0*
Balance December 31 2019	**1,219,039**	**9,491,158**	**736,799**	**9,425,533**	**352,558**	**21,225,088**
Additions	*0*	*83,055*	*0*	*0*	*0*	*83,055*
Retirements	*0*	*-270,737*	*0*	*0*	*0*	*-270,737*
Balance December 31 2020	**1,219,039**	**9,303,476**	**736,799**	**9,425,533**	**352,558**	**21,037,405**

Accumulated Depreciation (Euro)	Infrastructure	Technical installations and other tangible assets	Fixed assets under construction	Administrative concessions	Computer software	Total
Balance December 31 2018	**-102,938**	**-467,831**	**-4,546**	*0*	**-351,901**	**-927,217**
Allocations	*-43,160*	*-546,914*	*-54,556*	*0*	*-563*	*-645,192*
Applications	*0*	*0*	*0*	*0*	*0*	*0*
Balance December 31 2019	**-146,098**	**-1,014,475**	**-59,102**	**-785,461**	**-352,464**	**-2,357,871**
Allocations	*-47,036*	*-535,598*	*-54,556*	*-785,455*	*-94*	*-1,423,009*
Applications	*0*	*30,535*	*0*	*0*	*0*	*30,535*
Balance December 31 2020	**-193,405**	**-1,519,808**	**-113,658**	**-1,570,916**	**-352,558**	**-3,750,346**

Net Book Value	2020	2019
Infrastructure	1,025,635	1,072,941
Technical installations and other tangible assets	7,783,667	8,476,413
Fixed assets under construction	623,140	677,697
Administrative concessions	7,854,617	8,640,072
Computer software		94
Total Net	**17,287,059**	**18,867,217**

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.

As of December 31, 2020, there are no purchase commitments. Fully depreciated tangible assets are detailed in the following table:

	Fully Depreciated Assets 2020	Fully Depreciated Assets 2019
Machinery	6,194	7,056
Tooling	6,408	4,113
Other installations	1,059	1,059
Furniture	3,264	3,264
Information processing equipment	19,922	17,447
TOTAL	**36,847**	**32,939**

6. Right-of-use assets

ASSETS (Euro)	TOTAL
Balance December 31 2018	**512,631**
Balance December 31 2019	**512,631**
Balance December 31 2020	**512,631**

Accumulated Depreciation (Euro)	TOTAL
Balance December 31 2018	**-201,117**
Allocations	*-40,655*
Applications	*0*
Balance December 31 2019	**-241,772**
Allocations	*-41,874*
Applications	*0*
Balance December 31 2020	**-283,646**

Net Book Value	2020	2019
Right-of-use	228,985	270,860
Total Net	**228,985**	**270,860**

7. Inventories

Inventories are comprised of the following:

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

Inventories	2020	2019
Other supplies	45,834	81,320
Finished goods	151,250	84,167
Impairments	-22,917	-40,660
Total	**174,167**	**124,827**

** Closing fiscal year 2020: the amount of the impairment reversal was €17,743*

8. Trade and other receivables

Trade and other receivables are comprised of the following:

Trade and other receivables (Euros)	2020	2019
Trade receivables	63,737	8,488
Prepaid expenses	0	15,053
Other current assets	684	4,620
Total	**64,421**	**28,161**

9. Cash and cash equivalents

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.

Cash and Cash equivalents (Euros)	2020	2019
Banks accounts	205,734	16,431
Cash	165	1,973
Total	**205,898**	**18,404**

10. Short and long-term financial liabilities

Short and long-term financial liabilities	2020	2019
Long-term payables to group companies and associates	15,629,184	14,803,754
Long-term payables to credit institutions	2,762,558	383,346
Long-term payables to public institutions	509,576	509,576
Long-term lease liabilities	70,949	22,108
Other long-term debts	185,855	228,985
Short-term payables to credit institutions	614,429	1,801,817
Short-term lease liabilities	16,140	86,202
Trade and other accounts payable	1,569,269	1,689,075
Employees benefit obligations	68,091	132,972
Other short-term debts	437,182	518,172
Total Net	**21,863,233**	**20,176,008**

Debts with group and associated companies

During 2020, the Company has long-term debts with group companies in respect of loans receivedfrom its shareholders (see Note 15). At year-end, it is composed of an amount of €15,629,184 under participating loans.

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 (€372,016 in 2019).

Debts with credit institutions

The Company has secured bank loans during 2020 for a total amount of €3.377 million and does not foresee liquidity problems to maintain operations, fulfill its financial commitments or to continue with its long-term plan.

Loans (Euros)	Starting Date	Due Date	Balance short-term	Balance long-term
Abanca 1708-0 (Refinancing)	October 2020	October 2025	25,603	143,212
Abanca 1710-6 (Refinancing)	October 2020	October 2025	27,864	148,607
Abanca 1932-8	October 2020	October 2025	13,149	73,551
Sabadell 8077053720	March 2020	December 2025	358,836	2,007,164
Bankia 02082	December 2020	September 2025	38,153	151,847
Caja Rural 4950	October 2020	April 2025	20,785	101,215
BBVA 1326	September 2020	October 2025	31,040	136,960
SABADELL 0351028039	December 2020	December 2021	99,000	--

Long-term payables to public institutions

In January 2019, the Company received the first installment of a grant for €509,576 from the Spanish Ministry of Science and Innovation. As of the date of this report, no interest payment has yet been made, given that the loan has a 3-year grace period.

Other long and short-term payables

"Other long-term payables" ending balance of €185,855 relates to suppliers working on land properties. The caption "Other short-term payables" includes at the end of 2020 a balance of €437,182 with suppliers of fixed assets (Note 5).

11. Shareholders' equity

Capital stock

The share capital amounts to 4,554,162 shares of 1 Euro each, fully subscribed and paid up.

There are no shares of different classes and all have the same rights. The Company's shares are not listed on any stock exchange of December 31, 2020.

The details of the shareholders and their shareholdings as of December 31, 2020 and 2019 are as follows:

Holder	2020	2019
Pacific Strategic Minerals, Corp.	70.51%	70.51%
Highgrade Recursos – Servicios e Investimentos Unipessoal LDA.	13.74%	13.74%
Sequoia Venture Capital S.L	15.75%	15.75%
	100%	**100%**

Share premium

The Capital Companies Act expressly permits the use of the share premium balance to increase capital and does not establish any specific restriction as to the availability of this balance.

Legal reserve

Under the Spanish Corporations Law, 10% of income for each year must be transferred to the legal reserve until the reserve reaches at least 20% of capital stock. The legal reserve may be used to increase capital in respect of the portion of the balance of the legal reserve which exceeds 10% of the increased capital stock. Except for the aforementioned purpose, and as long as it does not exceed 20% of the capital stock, this reserve may only be used to offset losses and provided that sufficient other reserves are not available for this purpose.

At the close of the 2020 fiscal year, this reserve has not been constituted.

12. Tax situation

Current balances with public authorities

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

Current balances with Public Authorities (Euros)	2020		2019	
	Balance Debtor	Balance Creditor	Balance Debtor	Balance Creditor
VAT receivable	188,089	0	206,305	0
Tax refund receivable	0	0	0	0
Tax authorities withholding tax	0	11,976	0	48,164
Social Security agencies	0	33,431	0	113,126
Total	**188,089**	**45,407**	**206,305**	**161,290**

Reconciliation between the accounting result and the taxable income for tax purposes.

As of December 31, 2020, the accounting result before tax coincides with the taxable income tax base.

Unrecorded deferred tax assets

The Company has not recorded in the balance sheet certain assets corresponding to tax loss carryforwards from previous years as the Directors consider that their recoverability is not sufficiently supported.

The details of the Company's tax loss carryforwards pending offset at December 31, 2020 are as follows:

Year of Generation	Year limit of expiry	Euros
2011	2029	5,600
2012	2030	152,703
2013	2031	186,437
2014	2032	54,906
2015	2033	298,635
2016	2034	260,032
2017	2035	1,323,528
2018	2036	4,281,868
2019	2037	4,172,863
Total		**10,736,582**

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 them. 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 Turnover

Net Turnover (Euros)	2020	2019
Sales	2,424,371	2,792,361
Services	276	165,099
Total	**2,424,647**	**2,957,460**

b) Personnel expenses

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

Personnel expenses (Euros)	2020	2019
Wages and Salaries	787,806	1,657,506
Severance	72,986	33,145
Social Security paid by the Company	267,927	505,819
Other social benefits	80	3,245
Total	**1,128,799**	**2,199,715**

The Company maintains employee remuneration in kind and in 2019 records income from the grant received by the Tecnalia Research and Innovation Foundation amounting to €116,272.

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.

As of December 31, 2020 and 2019 there are no pension commitments or obligations.

c) Other operating expenses

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

Other Operating Expenses (Euros)	2020	2019
Leases and Royalties	88,845	199,216
Repairs and Maintenance	26,786	74,730
Independent professional services	439,506	733,518
Transportation	5,174	16,305
Insurance premiums	70,588	44,203
Banking and similar services	27,907	74,214
Advertising, publicity and public relations	28	500
Supplies	567,188	798,346
Other Services	40,761	284,520
Other Taxes	6,464	28,187
Total	**1,273,247**	**2,253,738**

14. Provisions and contingencies

At the end of the financial year 2020, there is a provision for decommissioning, once the economic life of the mine has ended. So, the item is related 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 former Troilus mine. As at December 31, 2020, the estimated future liability of approximately €692,498 (December 31, 2020: €688,572), was discounted at a rate of 0.63% (December 31, 2019: 0.89%). 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, which are recorded under the corresponding headings in the statements of earnings (Loss) are as follows (in Euros):

Related Company	Operating Expenses (Note 11.c)
Sequoia Venture Capital S.L.	8,714

Related Company	Loan interest (Euros)	
	2020	2019
Pacific Strategic Minerals Corp.	377,576	320,004
Salamanca Ing.	8,865	17,060
Highgrade Recursos - Servicios e Investimentos Unipessoal LDA	31,297	34,952
Total	**417,737**	**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.

Additional financing from related companies received during the year are as follows:

New Loans and Borrowings	2020
Pacific Corp	4,345,801
Salamanca Ing	9,021
Highgrade LDA	455,404
Total	**4,810,226**

During the year the Company paid a loan to Desarrollos Industriales Neris S.L. in the amount of €1,049,984 and paid €2,934,812 to Ned Land Europe.

Balances with related parties

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

Participating loans (Euros)	2020
Pacific Corp	5,317,391
Salamanca Ing.	354,608
Highgrade LDA	1,147,580
Ned Land Europe	8,809,605
Total	**15,629,184**

Information on the Board of Directors and Senior Management

The Sole Director has received salaries during the financial year 2020 amounting to €39,867 (none in 2019); 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:

USD$ in Euros	2020	2019
Foreign Currency Balances	25,764	450,534
Total	**25,764**	**450,53**
Transactions in Foreign Currency	1,152,740	2,460,817
Total	**1,152,740**	**2,460,817**

17. Other information

Personnel

The average number of people employed during the 2020 and 2019 fiscal years, detailed by professional category, is as follows:

Category	2020	2019
Technicians and scientific and intellectual and support professionals	38.57	58.96
Administrative type employees	4.63	6.14
Senior management	3.00	2.08
Total AVERAGE EMPLOYMENT	**46.20**	**67.18**

The number of people employed at the close of the 2020 and 2019 fiscal years distributed by professional category and gender was as follows:

Category	2020		2019	
	Men	Women	Men	Women
Scientific and intellectual and support techniciansand professionals	32	2	44	7
Administrative type employees	0	5	2	4
Senior Managements	3	0	3	0
TOTAL	**35**	**7**	**49**	**11**

Guarantees

As of December 31, 2020, the Company has provided bank guarantees to various institutions

Guarantee	Amount	Signed Date
Gas	517	April-15
Gas	500	Febr-15
Leasing cars ALPHABET España	2,546	Oct-16
Leasing cars ALPHABET España	2,546	Oct-16
Leasing cars ALPHABET España	2,546	Jan-17
Leasing cars ALPHABET España	2,546	Febr-16
RETOS subsidy for subsidized loan grant guarantee	127,394	Oct-18

There are no corporate resolutions that are not included in the balance sheet or not disclosed elsewhere in the notes to the financial statements.

18. 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 events in 2021 that mitigated financial risks included the following:

1. During the second half of 2021 Strategic Minerals Europe Inc. (SMEI) was incorporated in Canada as a vehicle to obtain a stock exchange listing and financing for the Company and in

July, 2021 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 Gold Corp. (Buccaneer) pursuant to which SMEI would complete a reverse takeover transaction (the "RTO Transaction") by way of share exchange with Buccaneer, as a result of which the shareholders of SMEI would gain control of Buccaneer. The transaction with Buccaneer is subject to shareholder and regulatory approval.

In conjunction with the RTO Transaction, SMEI has raised in excess of CDN$6.0 million in equity financing to support the operations of SMS, and in July SMEI entered into a participating loan with SME of €5.0 million. This has resulted in a significant liquidity injection for the Company.

2. Two capital increases in the aggregate amount of €15.0 million, which were made in March and June.

19. 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, and 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.

20. Subsequent events

COVID-19 – more popularly known as coronavirus – has become a health emergency worldwide, 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, declaring the state of alarm 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, 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 is not possible to accurately determine the potential impacts that it will have for the entity. However, the Company Board of Directors is analyzing the different scenarios, performing mitigating actions. In the most cautious scenario analyzed by the Company's Board of Directors, considering the financial and patrimonial position of the Company and their liquidity, it is estimated that the entity will be able to thrive in the next 12 months, being able to comply with the principle of going concern.

Madrid, Sept 24th 2021,

The Board of Directors of STRATEGIC MINERALS SPAIN S.L., formulates and signs, in proof of conformity, these Financial Statements for the financial year 2019.

DocuSigned by:

Miguel de la Campa

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Mr. Miguel De la Campa De la Torre
As Chairman of the Board of Directors

Mr. Jaime Pérez Branger
As Chief Executive Officer (CEO)

Mr. Francisco García Polonio
As Board Member

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