STRATEGIC MINERALS EUROPE CORP.

MANAGEMENT´S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED MARCH 31, 2022

The following management's discussion and analysis of the results of operations and financial condition ("MD&A") for Strategic Minerals Europe Corp. (the "Company" or "Strategic Minerals"), is prepared as of May 11, 2022, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto for the quarter ended March 31, 2022 (the "Financial Statements"), which are available on the Company's web site at www.strategicminerals.com and on www.sedar.com. Readers are encouraged to read the Cautionary Note Regarding Forward-Looking Information included on pages 16 and 17 of this MD&A. The financial information in this MD&A is derived from the Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Reference should also be made to pages 12 and 13 of this MD&A for information about non-IFRS measures referred to in this MD&A. All figures contained herein are expressed in United States dollars ("US" or "$"), except for production or as otherwise stated.

BUSINESS OVERVIEW

Strategic Minerals Europe Corp. ("Strategic Minerals" or the "Company"), formerly Buccaneer Gold Corp., is a company existing under the laws of the Province of Ontario, Canada. The address of the Company's registered and records office is 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1. The Company's common shares trade on the Neo Exchange Inc. ("NEO") under the symbol "SNTA". On January 19, 2022, the Company listed its share purchase warrants ("Warrants") on the NEO under the symbol "SNTA.WT". From February 24, 2022, Strategic Minerals has been listed and available for trading on the Frankfurt Stock Exchange open market under the symbol "26K0".

The Company completed a reverse takeover transaction ("Transaction") with Strategic Minerals Europe Inc. ("SMEI") by way of share exchange on December 6, 2021. Pursuant to the Transaction, Buccaneer and SMEI entered into a share exchange agreement dated effective August 24, 2021, as amended effective November 3, 2021 (the "Share Exchange Agreement"). Pursuant to the Share Exchange Agreement, among other things, Buccaneer changed its name to Strategic Minerals Europe Corp. and began carrying on the business of SMEI.

SMEI acquired all of the issued and outstanding shares of Strategic Minerals Spain, S.L. ("SMS") on July 14, 2021, whereby 200,000,000 common shares and 1,252,395 share purchase warrants were issued to the shareholders of SMS in exchange for all of the shares of SMS pursuant to the acquisition agreement with the shareholders of SMS. The acquisition was considered a restructuring of SMS as there was no substantive change in ownership of SMS. SMEI was incorporated on June 17, 2021, under the laws of the Province of Ontario, Canada.

The Company, through its ownership of SMS, is engaged in the production, development and exploration of properties with tin, tantalum, niobium and other minerals content, and holds mining rights in two mining properties, the Penuota tantalum-tin deposit (the "Penouta Project"), located in the northwestern Spanish province of Ourense, and the Alberta II Project, located in the Galicia region of northwestern Spain. The Company has applied for investigation permits related to two other mining properties in northwest Spain – Carlota and Macarena.

The Penouta Project was operational during the 1970s and focused on exploiting kaolinized leucogranite. Mining operations ceased in 1985 without proper habitat rehabilitation. In 2018, SMS reopened the mine as an advocate for modern, responsible and sustainable mining. After building a new processing plant commissioned to work with tailings from previous operations, in 2020, SMS was granted the permit to produce 1.2 million tonnes in the open pit. The final concession for a term of 30 years is expected to be granted during the first half of 2022.

The Company is the largest producer of cassiterite concentrate and tantalite and columbite concentrate in the European Union and is dedicated to the exploration, research, industrial processing and commercialization of all kinds of minerals and metals; the constitution, acquisition and sale of mining concessions; the acquisition and sale of shares and mining rights in general; rendering services to other companies or institutions directly or indirectly related to mining; and the incorporation of companies or associations with similar purposes.

The initial focus of the Company's overall strategy is the exploitation of cassiterite concentrate and tantalite and columbite concentrate to generate immediate cash flow from operations to support the Company's growth plans described in the Outlook section herein. Demand for tin has surged amid booming sales of electronics in the work-from-home era, tripling its average price in the London Metal Exchange from March 2020. Furthermore, it is expected that the implementation of 5G technology will drive prices for tantalum up as the consumer electronics market will increase its demand for tantalum capacitors.

Some of the most significant achievements of the Company during the first quarter of 2022 are as follows:

- The Company began commissioning the new primary crushing plant on January 22, 2022, allowing the Company to work with material from the open pit with higher quality of minerals' concentrate. This process continued through February and the beginning of March as final parts arrived and automation was installed and tested. The mineral to test this equipment came from the softer material from the surface of the open pit.

- In the second week of March, Strategic Minerals received final authorization and started blasting to feed the new crushing plant on March 12, 2022. This allowed the Company to finally access harder material from the rock, reducing the amount of fine particles associated with softer material from the surface of the pit. Recovery levels continue to improve as the Company accesses better material and it expects to reach a production level between 75 and 90 tonnes of concentrate per month by the end of the second quarter of 2022.

- International prices of minerals continued their generalized upward trend, mainly driven by the demand for electronic devices, continued challenges in the supply chain from the COVID-19 restrictions, and the geopolitical crisis in Ukraine, which impacts all industries internationally.

- The Penouta Project continued to improve its operating indicators, especially the feed rate, ore grade and recovery of the process plant.

FIRST QUARTER 2022 HIGHLIGHTS

Operating information	Q1 2022	Q1 2021
Mill feed (tonnes)	85	42
Cassiterite concentrate production (tonnes)	40	11
Tantalite and columbite concentrate production (tonnes)	7	4
Total concentrate production (tonnes)	47	15
Cassiterite concentrate sold (tonnes)	42	10
Tantalite and columbite concentrate sold (tonnes)	5	8
Total sales (tonnes)	47	18
Grade Tin (%)	68.9	64.1
Grade Ta2O5 (%)	16.7	15.1
Grade Nb2O5 (%)	19.4	16.1
Financial data ($ thousands, except per share amounts)		
Revenue	1,084	303
Changes in inventories of finished goods & work in progress	81	-
Raw materials and consumables used	(209)	(49)
Supplies	(277)	(98)
Profit before expenses and other	679	156
Total operating expenses	(2,411)	(1,187)
Adjusted EBITDA [1]	(1,297)	(592)
Total other income (expense)	120	(111)
Net income (loss)	(1,612)	(1,142)
Net loss per share - Basic and diluted	(0.01)	(0.01)
Balance sheet ($ thousands)	*Mar 31, 2022*	*Dec 31, 2021*
Cash and cash equivalents	884	2,236
Total assets	26,832	29,948
Total non-current liabilities	4,310	4,941

[1] See "Non-IFRS Measures" for full detail on Adjusted EBITDA

During the first quarter of 2022, total production reached 47 tonnes primary content, 3.1 times higher the production level than the production level in the same period in 2021. The same amount of tonnes were sold during the quarter (2.6 times greater than the tonnes sold in the same period in 2021) with a larger participation of cassiterite concentrate in the mix of sales. Total revenues for the quarter increased by 258% from the same period in 2021, reaching $1.084 million. International prices of tin and tantalum continued to increase during the first quarter of the year, amid international geopolitical crisis in Ukraine and remaining restrictions to supply chains due to Covid-19.

These macroeconomic trends negatively affected the cost of raw materials (such as ball bearings and certain mining costs) for the Company, which, combined with the additional operating expenses related to the commencement of exploration in Section C of the Penouta Project, the start of the crushing facility and blasting material from the open pit, resulted in negative adjusted EBITDA of $1.297 million for the quarter, a decline of 119% from the adjusted EBITA in the first quarter of 2021, when the plant was mostly closed due to inclement weather conditions.

The longer than expected wait for blasting authorization required more expensive mechanical excavation initially and the normal commissioning process of the new primary crushing plant, which, combined with expenses related to adjustments to operations, including but not limited to the addition of more qualified personnel to manage the larger operations (18 more employees than those during the same quarter of 2021), resulted in a net loss of $1.612 million ($0.01 per share), 41% greater than the net loss of $1.142 million ($0.01 per share) from 2021.

OUTLOOK

The Company is focused on: (i) increasing production; (ii) reducing unitary costs; (iii) reinvesting profits to achieve organic and sustainable growth; and (iv) expanding production and improving recovery levels, as well as initiating downstream projects.

The Company described the three phases of its strategic plan in the Company's MD&A for the year ended December 31, 2021 and in its Annual Information Form (the "AIF") dated March 31, 2022, both of which are available on the Company's website and on www.sedar.com. The following are the most significant developments related to the current Phase 1 - "Development of the Penouta Project":

- Up to January 2022, the Penouta Project produced concentrates from tailings. Given the nature of tail mining concentrate, production varied from 40 tonnes per month to 60 in the recent past. This production was split 65%/35% between cassiterite concentrate and tantalite and columbite concentrate. Once the new crushing plant was operational in mid-January of 2022, the Company began the testing and commissioning process for certain equipment that allowed the Company to work with material from the open pit.

- Authorization for blasting was given in the second week of March 2022. Production is more stable now and the Company believes this will allow for increased production and quality of the concentrate. The Company expects to reach a production level between 75 and 90 tonnes of concentrate per month by the end of the second quarter of 2022. The expected split is 75%/25% between cassiterite concentrate and tantalite and columbite concentrate.

- The Company is currently in the final phase of obtaining exploration approval for Section C of the Penouta Project, which would allow the related permit to be converted into a concession.

- The Company continues to increase its monthly production and the quality of such production. In April the Company increased its primary concentrate production to 42.6 tonnes.. 34.1 tonnes of which were cassiterite concentrate with 70% tin content and 8.52 tonnes of which were tantalite/columbite concentrate with 19% tantalite content and 21.5% columbite content.

There have been no changes in the advancement of Phases 2 and 3 of the strategic plan, due to the Company's focus on Phase 1.

RESULTS OF OPERATIONS AND OVERALL PERFORMANCE

Production and Sales

Production and sales	Q1 2022	Q1 2021
Mill feed (tonnes)	85	42
Cassiterite concentrate		
Production (tonnes)	40	11
Sales (tonnes)	42	10
Grade Tin (%)	68.9	64.1
Tantalite and columbite concentrate		
Production (tonnes)	7	4
Sales (tonnes)	5	8
Grade Ta_2O_5 (%)	16.7	15.1
Grade Nb_2O_5 (%)	19.4	16.1
Total Revenue ($ thousands)	1,084	303

After production of concentrates from the remaining tailings was completed in mid-January, the Company worked with material from the open pit, improving the quality of the concentrate. The new primary crushing plant started processing material from mechanical excavation while awaiting the permit for blasting. Once approved in the second week of March, blasting trials started and production has consistently increased since then, reaching 10 tonnes in January, 18 tonnes in February and 19 tonnes in March, for a total production of 47 tonnes primary content during the first quarter of 2022, 3.1 times the production of the same period in 2021.

Higher grades of commercial concentrates and the adjustments made to the process led the increase in sales as presented in the table above. During the first quarter of 2022, 42 tonnes of cassiterite concentrate and 5 tonnes of tantalite and columbite concentrate were sold, for a total of 47 tonnes sold during the first quarter of the year, an increase of 161% over the total 18 tonnes sold between both concentrates during the first quarter of 2021 when inclement weather conditions (frost and rain) negatively affected the operation of the plant during the first two months of 2021; this is because tailing ponds are affected by excess rain and flooding, which is not as major an issue with open pit production.

Sales of cassiterite concentrate for the quarter reached 42 tonnes or 4.2 times those sold during the same period of 2021, with an increase of grade to 68.9 from 64.1 as a result of the improvements in the process and access to material with higher commercial concentrates.

During the commissioning process and adjustments to operations, tantalite volume was reduced resulting in a decrease of 37% in tonnes sold during the quarter compared to the first quarter of 2021, despite improvement in tantalite and columbite content from the first quarter of 2021, reaching 16.7% and 19.4% respectively.

Revenues for the first quarter of 2022 reached $1.084 million, an increase of $0.781 million or 258% from the same period of 2021, in line with the increase in production, tonnes sold and a continued increase in the average prices of minerals mainly driven by the demand for electronic devices and further affected by the geopolitical crisis in Ukraine affecting all industries.

The average price of tin on the London Metal Exchange for the first quarter of 2022 was $42,165 per tonne, reaching $48,650 per tonne during the first week of March. The average price of tantalum reached $192,852 per kg (with a high of $216,053 per kg), during the first quarter of 2022, an increase of 39% from the same period of 2021.

Operating results

($ thousands)	Q1 2022	Q1 2021
Revenue	1,084	303
Profit before expenses and other	*679*	*156*
Depreciation and amortization expense	(400)	(415)
Employee expenses	(591)	(397)
Share-based payments	(19)	-
Other operating expenses	(1,401)	(375)
Results from operations before other expenses	*(1,732)*	*(1,031)*
Adjusted EBITDA [1]	*(1,297)*	*(592)*

[1] See "Non-IFRS Measures" for full detail on Adjusted EBITDA

As the Company started to process material from the open pit, utilizing the new primary crushing plant for processing material, and obtaining higher grades of commercial concentrate, profit before expenses and other for the first quarter of 2022 reached $0.679 million, or 63% as a percentage of sales. This is an improvement of 336% from the $0.156 million obtained during the first quarter of 2021, which was 51% as a percentage of sales.

Some of the additional costs related to the escalation of production and adding exploration in Section C, including increased testing, earth movement, supplies for the crushing plant and spare parts, which combined represent an increase of $0.354 million from the first quarter of 2021 to the same period of 2022.

To support the increase in operations during the first quarter of 2022 compared to the same period of 2021, the headcount increased to 61 employees at the end of the first quarter of 2022 from 43 employees as at March 31, 2021. Adding 18 employees with higher qualifications and salaries, including operators, maintenance crew and technicians supporting the crushing mine, resulted in an increase in employee expenses of $0.194 million or 49% from the first quarter of 2021 to the same period in 2022.

At the end of 2021 the Company established a stock option plan providing that the Board may, from time to time and at its discretion, grant to directors, officers, employees and consultants of the Company, or any subsidiary of the Company, options to purchase common shares (the "Stock Options"). On January 20, 2022, the Company granted a total of 100,000 stock options to certain consultants, each stock option entitling the holder thereof to acquire one common share of the Company at an exercise price of CA$0.27. All the options vested immediately on the date of the grant and will expire in 5 years.

The stock option fair value of $0.019 million was determined using a Black-Scholes pricing model which included an expected volatility of 120% based on the volatility of comparable companies, a risk-free interest rate of 1.68%, share price of CA$0.29, an estimated life of 5 years and a dividend yield of 0%. The share-based payments in the table above related to this option grant; no grants were made in the same period for 2021.

Details of the other operating expenses can be found in the following table:

Other Operating Expenses ($ thousands)	Q1 2022	Q1 2021	Variance	%Var.
Leases and Royalties	146	91	55	60%
Repairs and Maintenance	64	12	52	433%
Professional services	468	121	347	287%
Transportation	0	3	(3)	-100%
Insurance premiums	16	-	16	100%
Banking and similar services	4	3	1	33%
Advertising, publicity and public relations	6	-	6	100%
Supplies (electricity / diesel)	617	123	494	402%
Admin & Insurance	7	-	7	100%
Other Services	69	4	65	1625%
Other Taxes	4	18	(14)	-78%
Total Other Operating Expenses	1,401	375	1,026	274%

Electricity expense increased by 303% or $0.292 million during the first quarter of 2022 from the same period a year before. Electricity costs in Spain have tripled in the last year, from $0.084/KW in January 2021 to $0.264/KW in January 2022. During the first three months of 2022, the cost of diesel increased $0.180 million or 711% from the same period of 2021. The Company is working on setting up a solar-based auto-generating facility to reduce costs and uncertainty in prices going forward. The Company expects to finance it with grants and additional financing.

Further to the increase in production from the previous year, the growth in operating expenses is also due to the additional use of rental power stations and generators required to handle the larger volume; this resulted in an increase of $0.079 million from the first quarter of 2021 to the same period of 2022.

SOCIALLY RESPONSIBLE, SUSTAINABLE AND SCALABLE

Sustainability is integrated within the organization as a critical concept in each and every activity and the Company has established an environmental policy (the "Environmental Policy") to address its responsibility to avoid environmental damage and protect and rehabilitate the environment in areas where Strategic Minerals conducts exploration.

In this regard, during the first quarter of 2022, the Company has carried out continuous operational monitoring of environmental factors:

- waste management
- water quality control
- fauna and flora monitoring
- atmospheric emissions control
- soil monitoring

- environmental management with contractors
- environmental training for workers

The Company began the environmental restoration of one tailing pond that has already been reprocessed by spreading topsoil over an area of approximately 3 hectares. Seeding and planting will follow during the coming months.

MINERAL RESOURCES

Unless otherwise indicated, the technical information included in this MD&A is based upon information included in the updated Mineral Resource Estimate ("MRE") for the Penouta Project prepared by SRK Consulting (UK) Limited ("SRK") consultant Martin Pittuck (Resource Geology) titled "An Updated Mineral Resource Estimate and NI 43-101 Technical Report on the Penouta Tin Deposit, Ourense, Galicia, Spain" with an effective date of March 5, 2021 (the "Penouta Project Technical Report").

The following table summarizes the MRE for the Penouta Plant dated effective as of March 5, 2021:

Category	Tonnes (Mt)	Grade				Metal	
		Ta2O5 Eq (ppm)	Sn (ppm)	Ta (ppm)	Ta2O5 (ppm)	Sn (kt)	Ta (kt)
Measured	7.6	184	600	85	103	4.6	0.6
Indicated	68.6	145	426	72	88	29.2	4.9
Total Measured and Indicated	76.3	149	443	73	89	33.8	5.6
Inferred	57	129	389	62	76	22	4

1) Mineral resources are not mineral reserves and do not have demonstrated economic viability.

2) All figures are rounded to reflect the relative accuracy of the estimate, numbers may not add up due to rounding.

3) The standard adopted in respect of the reporting of Mineral Resources for the Project is in accordance with the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Mineral Reserves (CIM Code)

4) SRK reasonably expects portions of the Penouta deposit to be amenable to open pit mining methods. Open pit Mineral Resources are constrained to within a Whittle optimized pit and reported based on a Ta2O5Eq Resource cut-off which considers processing costs and G&A costs totalling 7.79 USD/t. Pit slope angles were set to 45°

5) Resources are reported at an open pit cut-off grade of 60 ppm Ta2O5Eq.

6) Cut-off grades are based on a price of USD178/kg and recoveries of 75% for Ta2O5, and USD24/kg and recoveries of 75% for tin.

7) It is reasonably expected, but not guaranteed, that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration

8) Inferred Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves.

Please see the "Cautionary Note on Forward-Looking Information" at the end of this MD&A for full disclosure on the limitations related to the MRE.

SUMMARY OF QUARTERLY RESULTS

	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operating information								
Mill feed (tonnes)	85	57	158	149	42	153	173	-
Cassiterite concentrate production (tonnes)	40	25	131	80	11	76	82	-
Tantalite and columbite concentrate production (tonnes)	7	8	44	27	4	32	35	-
Total concentrate production (tonnes)	*47*	*33*	*175*	*107*	*15*	*108*	*117*	-
Cassiterite concentrate sold (tonnes)	42	42	121	80	10	70	65	-
Tantalite and columbite concentrate sold (tonnes)	5	22	34	28	8	43	33	-
Total sales (tonnes)	*47*	*64*	*155*	*108*	*18*	*113*	*98*	-
Grade Tin (%)	68.9	68.2	68.0	63.7	64.1	55.4	54.8	-
Grade Ta2O5 (%)	16.7	19.9	16.4	15.5	15.1	13.1	13.5	-
Grade Nb2O5 (%)	19.4	20.4	16.9	16.7	16.1	13.6	15.2	-
Financials ($ thousands, except per share amounts)								
Revenue	1,084	1,391	4,156	1,700	303	1,151	968	8
Changes in inventories of finished goods & work in progress	81	(77)	204	(151)	-	97	-	-
Raw materials and consumables used	(209)	(221)	(221)	(169)	(49)	(192)	(210)	(1)
Supplies	(277)	(202)	(235)	(247)	(98)	(234)	(256)	-
Profit before expenses and other	*679*	*891*	*3,904*	*1,133*	*156*	*822*	*502*	*7*
Depreciation and amortization expense	(400)	(429)	(435)	(429)	(415)	(437)	(428)	(403)
Employee expenses	(591)	(400)	(460)	(424)	(397)	(393)	(385)	(60)
Share-based payments	(19)	(1,305)	-	-	-	-	-	-
Other operating expenses	(1,401)	(1,397)	(1,039)	(570)	(375)	(477)	(471)	(183)
Adjusted EBITDA [1]	*(1,297)*	*(954)*	*2,383*	*347*	*(592)*	*(217)*	*(348)*	*(232)*
Finance income	136	(37)	44	5	1	47	-	-
Finance costs	(32)	(58)	(19)	(99)	(136)	(203)	(164)	(147)
RTO Transaction cost	-	(836)	-	-	-	-	-	-
Other income (expense)	16	(47)	(20)	207	24	(169)	6	4
Total other income (expense)	*120*	*(978)*	*5*	*113*	*(111)*	*(325)*	*(158)*	*(143)*
Net income (loss)	(1,612)	(3,619)	1,973	(176)	(1,142)	(810)	(940)	(782)
Net loss per share - Basic and diluted	(0.01)	(0.02)	0.01	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)

[1] See "Non-IFRS Measures" for full detail on Adjusted EBITDA

After closures during the second quarter of 2020 in order to avoid the spread of Covid-19, operations grew, except for the first quarter of 2021 when inclement weather conditions resulted in decreased production. With the recent additions to the process and access to the open pit, production is expected to stabilize in the quarters to come.

Mineral grades have steadily increased during the last two years.

Results in the fourth quarter of 2021 include expenses related to the RTO Transaction described in the Business Overview section, and the stock options the Company granted to certain of its officers, directors, advisors and consultants.

SUMMARY OF FINANCIAL CONDITION AND LIQUIDITY

Financial Position as at,	Mar 31, 2022	Dec 31, 2021	Variance	%Var.
Assets				
Current assets:				
Cash and cash equivalents	885	2,236	(1,351)	(60%)
Trade and other receivables	673	1,501	(828)	(55%)
Inventories	326	218	108	50%
Other current assets	71	94	(23)	(24%)
Total current assets	1,955	4,049	(2,094)	(52%)
Non-current assets:				
Property, plant and equipment	21,583	22,514	(931)	(4%)
Exploration and evaluation	2,723	2,788	(65)	(2%)
Other assets	366	374	(8)	(2%)
Right-of-use assets	205	223	(18)	(8%)
Total assets	26,832	29,948	(3,116)	(10%)
Liabilities and shareholder's equity				
Current liabilities:				
Trade and other payables	1,942	2,483	(541)	(22%)
Current portion of long term liabilities	931	925	6	1%
Total current liabilities	2,873	3,408	(535)	(16%)
Non-current liabilities:				
Long term liabilities	3,531	4,147	(616)	(15%)
Decommissioning liabilities	779	794	(15)	(2%)
Total labilities	7,183	8,349	(1,166)	(14%)
Shareholders' equity:				
Share capital	40,818	40,818	-	0%
Other reserves	3,820	3,801	19	0%
Accumulated other comprehensive loss	(2,968)	(2,611)	(357)	14%
Deficit	(22,021)	(20,409)	(1,612)	8%
Total shareholders' equity	19,649	21,599	(1,950)	(9%)
Total liabilities and shareholders' equity	26,832	29,948	(3,116)	(10%)

As at March 31, 2022, the Company had a deficiency in working capital of $0.918 million compared to working capital surplus of $0.641 million at the end of 2021. During the first quarter of 2022, working capital was used for commissioning recently installed equipment and to fulfil financial commitments, including the first annual installment of the government grant. Management feels confident that working capital requirements will be covered during the ongoing course of business.

Key components of working capital include:

- Cash at the end of the period reached $0.885 million, down from $2.236 million at the end of 2021; cash was mainly used for operations, debt repayment and the commissioning of the equipment recently installed.

- Trade and other accounts receivable of $0.673 million at the end of the period, down from $1.501 million at December 31, 2021 mainly due to the collection of proceeds from sales during the final days of December 2021.
- Inventories at the end of the period were valued at $0.326 million, slightly higher compared to the $0.218 million at the end of 2021.
- Trade accounts payable decreased to $1.942 million from $2.483 million at the end of 2021, due to payments made to suppliers in the normal course of business.

Operating activities

Net cash required by operating activities in the first quarter of 2022 amounted to $0.995 million compared to a cash requirement of cash of $0.647 million during the same period of 2021, when production was halted due to inclement weather conditions.

Investing activities

The main use of funds was the remaining investment in the commissioning of the equipment recently installed.

Financing activities

The main use of funds during the quarter was to repay existing loans and borrowings of $0.292 million and principal on leases of $0.007 million, adding a total of $0.299 million net payments. This compares to funds provided by financing activities of $0.747 million during the first quarter of the previous year.

As at March 31, 2022, all financial liabilities are related to operations and the Company does not foresee liquidity problems to maintain operations, fulfill its financial commitments or to continue with its long-term plan.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has the following securities outstanding:

(a) 236,471,333 common shares (“Common Shares”);
(b) 33,070,478 Warrants exercisable into 33,070,478 Common Shares in aggregate at a price of CA$0.40 per Warrant expiring on July 16, 2026: and
(c) 13,815,000 Stock Options to purchase an aggregate of 13,815,000 Common Shares.

CAPITAL MANAGEMENT

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the quarter ended March 31, 2022.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than that of the NEO Exchange which requires one of the following to be met: (i) shareholders' equity of at least $2.5 million, (ii) net income from continuing operations of at least $375,000, (iii) market value of listed securities of at least $25 million, or (iv) assets and revenue of at least $25 million each.

RELATED PARTY TRANSACTIONS

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals, as well as certain persons performing similar functions. Transactions with related companies, which are recorded under the corresponding headings in the consolidated statements of operations and comprehensive loss, are as follows:

The Company leases certain facilities to Sequoia Venture Capital S.L.[1], as at March 31, 2022 and December 31, 2021, the outstanding balance was $1,892 and $14,060, respectively. During the first quarter of 2022, a total of $4,489 (2021 – $4,517) was recorded as operating expenses.

As at March 31, 2022 the related party loans amounted to $nil (December 31, 2021- $207).

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of directors and key management personnel of the Company for the quarter ended March 31, 2022 and 2021 was:

Key Management Compensation ($)	Q1 2022	Q1 2021
Management fees	79,932	24,611
Director fees	132,923	30,115
Total	212,855	54,726

NON-IFRS MEASURES

The non-IFRS measures included in this document, such as EBITDA and adjusted EBITDA, are intended to provide additional information for the reader as the Company believes certain investors could use this information to evaluate the Company's underlying performance of its core operations and its ability to generate cash flow and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers.
Non-IFRS measures referred to in this MD&A are defined as follows:

[1] Sequoia Venture Capital S.L. and Salamanca Ingenieros S.L. are beneficially owned by Francisco Garcia Polonio (Director of the Company).

Adjusted EBITDA represents earnings before interest, income taxes, depreciation, and amortization ("EBITDA"), adjusted to exclude share-based payments and Transaction costs.

The following table provides a reconciliation of adjusted EBITDA to net loss as reported in the Financial Statements:

	Q1 2022	Q1 2021
Net income (loss)	(1,612)	(1,142)
Finance income	(136)	(1)
Finance costs	32	136
Depreciation and amortization expense	400	415
EBITDA	(1,316)	(592)
RTO Transaction cost	-	-
Share-based payments	19	-
Adjusted EBITDA	(1,297)	(592)

The following table provides details of the primary components of adjusted EBITDA:

	Q1 2022	Q1 2021
Revenue	1,084	303
Changes in inventories of finished goods & work in progress	81	-
Raw materials and consumables used	(209)	(49)
Supplies	(277)	(98)
Other operating expenses	(1,401)	(375)
Employee expenses	(591)	(397)
Other income (expense)	16	24
Adjusted EBITDA	(1,297)	(592)
RTO Transaction cost	-	-
Share-based payments	(19)	-
EBITDA	(1,316)	(592)

RISK OF FINANCIAL INSTRUMENTS

The Company's financial risk management is centralized in its 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.

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.

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. Management of the Company does not consider the interest rate risk to be significant.

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

Transactions in foreign currencies:

The Company's functional currency is the Canadian dollar and Euro, and major purchases and sales are transacted in Canadian dollar and Euro. As at March 31, 2022, the Company holds a foreign currency balance of $23,390 (December 31, 2021 – $20,476) included in cash which is subject to foreign currency risk.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CHANGE IN REPORTING CURRENCY

Effective December 31, 2021, the Company changed its presentation currency from Euro to USD. The Company expects this change will facilitate comparison with other mining and resource companies. The change in presentation currency represents a voluntary change in accounting policy. The Company has applied the presentation currency change retrospectively. All periods presented in the consolidated financial statements and in this MD&A have been translated into the new presentation currency in accordance with the guidance in IAS 21, The Effects of Changes in Foreign Exchange Rates. Refer to Note 3 in the Financial Statements for further details.

CRITICAL ACCOUNTING ESTIMATES

There have been no changes in the Company's accounting estimates during the three months ended March 31, 2022.

RISKS AND UNCERTAINTIES

Exploration, development and mining of precious metals involve numerous inherent risks resulting from the economic conditions of the various areas of operation. Therefore, 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. Market Price
2. Dilution
3. Payment of Dividends

4. Limited Operating History and Financial Resources
5. Dependence on the Penouta Project
6. Mineral Deposits May Not be Economical
7. Market Price of Metals
8. Mining Operations May Not Be Established or Profitable
9. Ability to Exploit Future Discoveries
10. Financing Risks
11. Mining is Inherently Dangerous
12. Operations and Exploration Subject to Governmental Regulations
13. Operation and Exploration Activities are Subject to Environmental and Endangered Species Laws and Regulations
14. Permits and Licenses
15. Additional Costs May Be Incurred by Mineral Property Operators as a Result of International Climate Change Initiatives
16. Community Relations
17. Competition
18. Defects in Title to Mineral Properties
19. Future Litigation Could Affect Title
20. Deficient Third Parties' Reviews, Reports and Projections
21. Directors and Officers May Have Conflicts of Interest
22. Global Financial Conditions May Be Volatile
23. The Ongoing Spread of COVID-19 May Negatively Impact Strategic's Business
24. Adequate Infrastructure May Not Be Available to Develop the Penouta Project and Alberta II Project
25. Future Acquisitions and Partnerships
26. Canada Revenue Agency's Recent Focus on Foreign Income Earned by Canadian Companies May Result in Adverse Tax Consequences
27. Anti-Bribery Laws (Such as the Corruption of Foreign Public Officials Act of Canada)
28. The Company Will Be Exposed to Foreign Exchange Risk
29. Equipment, Materials and Skilled Technical Workers
30. Risks Relating to Attracting and Retaining Qualified Management and Technical Personnel
31. Disruption from Non-Governmental Organizations
32. Strategic's Operations Are Subject to Human Error
33. Health & Safety
34. Nature and Climatic Conditions
35. Uninsured or Uninsurable Risks
36. Disruption in Strategic's Activities Due to Acts of God May Adversely Affect Strategic
37. Changes in Technology

Uncertainty Caused by the Ukraine Crisis

The global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, Russia began a full-scale military invasion of Ukraine. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets and interest rates. These factors could negatively impact the Company's ability to access liquidity needed for the Company's business in the longer term. These factors may impact the Company's future ability to obtain equity, debt or bank financing on terms favourable to the Company, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. In addition, certain of the Company's customers could be unable to pay the Company in the event that they are unable to access the capital markets to fund their business operationsIf 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.

The foregoing is not an exhaustive list and readers are encouraged to read a more comprehensive list in the Annual Information Form dated March 31, 2022 available on the Company's web site at *www.strategicminerals.com* and on *www.sedar.com*.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures and internal controls over financial reporting have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for evaluating the disclosure controls and procedures and internal controls over financial reporting.

There have been no changes in the Company's internal controls over financial reporting during the three months ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believes that any disclosure controls and procedures and internal controls over financial reporting, no matter how well designed and operated, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved or any variations (including negative variations) of such words and phrases. Such forward-looking statements, including but not limited to statements with respect to anticipated business plans or strategies, total cash costs, the mineral resource estimate (MRE) and capital expenditures, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "Risk Factors" in the Company's Annual Information Form dated as of March 31, 2022, which is available for review on SEDAR at www.sedar.com.

The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.