STRATEGIC MINERALS EUROPE CORP.

MANAGEMENT´S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

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"), formerly "Buccaneer Gold Corp." ("Buccaneer") is prepared as of March 29, 2022, and should be read in conjunction with the audited consolidated financial statements and related notes thereto for the year ended December 31, 2021 (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 page 26 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 14 - 15 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 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 FSE 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 Ontario, Canada.

SMEI, through its ownership of SMS, is engaged in the production, development and exploration of tin, tantalum and niobium 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, through SMS, is the largest producer of tin and tantalum 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 tin, tantalum, and niobium to generate immediate cash flow from the operations to support the Company's growth plans described in the Outlook section herein. Tin has recently been the best performing mineral on the London Metal Exchange as demand for tin has surged amid booming sales of electronics in the work-from-home era. 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 2021 are as follows:

- The Company achieved its corporate goal to access capital markets through the Transaction with Buccaneer, providing a new source of funding for its production expansion projects in the years to come.

- Long-term participation loans made by the shareholders of the Company were capitalized during the year for a total of $19.897 million, demonstrating the commitment and alignment of founding shareholders with the liquidity of the Company as well as strengthening the Company's financial position.

- The Company, through SMEI, completed, in a series of tranches, a non-brokered offering for gross proceeds of approximately CDN$7.256 million (the "Offering"). The net proceeds have been used for (i) exploration and exploitation of the Penouta Project; (ii) expanding operations in primary crushing facilities in the open pit; (iii) general working capital purposes; and (iv) payment of expenses incurred in connection with the Offering.

- The Company continued to improve its operating and financial results through various measures focused on control over operating expenses despite adverse macroeconomic, health and weather conditions causing the closure of operations for five of the last 24 months. The Penouta Project continued to improve the grade of minerals, feed, and overall operations indicators.

FOURTH QUARTER AND FULL YEAR 2021 HIGHLIGHTS

Operating information	Q4 2021	Q4 2020	Year 2021	Year 2020	Year 2019
Mill feed (tonnes)	57	153	406	468	451
Tin concentrate production (tonnes)	25	76	247	194	159
Tantalite concentrate production (tonnes)	8	32	84	83	106
Total concentrate production (tonnes)	34	108	330	278	265
Tin concentrate sold (tonnes)	42	70	253	171	160
Tantalite concentrate sold (tonnes)	22	43	92	98	111
Total sales (tonnes)	64	113	345	268	271
Grade Tin (%)	68.2	55.4	66.1	56.1	56.3
Grade Ta2O5 (%)	19.9	13.1	17.0	13.6	13.1
Grade Nb2O5 (%)	20.4	13.6	17.7	15.0	13.0
Financial data ($ thousands, except per share amounts)					
Revenue	**1,391**	**1,151**	**7,550**	**2,767**	**3,311**
Changes in inventories of finished goods & work in progress	(77)	97	(24)	97	123
Raw materials and consumables used	(221)	(192)	(660)	(478)	(971)
Supplies	(202)	(234)	(782)	(661)	(973)
Profit before expenses and other	**891**	**822**	**6,084**	**1,726**	**1,491**
Total operating expenses	(3,532)	(1,307)	(8,077)	(4,414)	(6,633)
Adjusted EBITDA [1]	**(954)**	**(217)**	**1,184**	**(1,116)**	**(2,966)**
Total other income (expense)	(978)	(325)	(971)	(686)	24
Net income (loss)	(3,619)	(810)	(2,964)	(3,374)	(5,118)
Net loss per share - Basic and diluted	(0.02)	(0.01)	(0.02)	(0.03)	(0.05)
Balance sheet ($ thousands)					
Cash and cash equivalents			2,236	252	21
Total assets			29,948	25,661	25,053
Total non-current liabilities			4,941	25,884	18,679

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

During the fourth quarter of 2021, production was halted for maintenance and improvement of the plant and main mill to ensure it would be in necessary condition to handle the larger volume and specific material produced from the open pit. This halt resulted in a 69% decrease in tonnes produced, compared to the same period of 2020 when production and sales had returned to full capacity following earlier closures in response to COVID-19. Revenue increased 21% compared to the same period in 2020, attributable to the increase in the grade of the minerals and market prices. Revenue for the full year 2021 was the highest in the Company's history, reaching $7.550 million for the year, almost three times compared to the full year 2020 ($2.767 million). The Company sold 345 tonnes in 2021, a 29% increase, up from 268 tonnes in 2020.

International prices of tin and tantalum continued to increase during the last quarter of the year, continuing the positive trend and reaching record prices during the year 2021.

The disruption of the supply chain and logistic restrictions worldwide increased the cost of raw materials and consumables. Despite this increase, the profit before expenses and other for the full year 2021 increased to 81% from 62%, as a percentage of sales, mainly attributable to the increase in price per tonne sold.

Financial results for the fourth quarter include expenses not incurred in 2020, specifically the non-recurrent expense related to the Transaction ($0.836 million) and the first-time option grant to management, employees and consultants, equivalent to $1.305 million. Adjusted EBITDA reached $1.184 million for the year, a favourable increase compared to the negative $1.116 million for 2020.

Those expenses not incurred in 2020 resulted in a net loss of $3.619 million ($0.02 per share) in the fourth quarter of 2021, compared to the net loss of $0.810 million ($0.01 per share) in the same quarter of 2020. For the full year 2021, the net loss of $2.964 million ($0.02 per share) compares favourably to the net loss of $3.374 million ($0.03 per share) from 2020.

OUTLOOK

The Company is focused on: (i) increasing production; (ii) reducing unitary costs; (iii) reinvesting profits to achieve organic and sustainable growth; and (iv) looking for new external financing opportunities to expand production and improve recovery levels, as well as initiate downstream projects.

To execute the above, the Company has formulated a strategic plan consisting of the following three phases.

Phase 1: Development of the Penouta Project

- During phase one, Strategic Minerals will focus on expanding production at the Penouta Project. Up to the end of 2021, the Penouta Project produced concentrates from tailings. Given the nature of tail mining concentrate, production varied from 40 tonnes per month to 60 by the third quarter of 2021. This production was split 65%/35% between cassiterite and tantalum and niobium concentrates. 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. The Company believes this will allow for increased production and quality of the 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, given the volume of its reserves, is evaluating whether to seek additional financing to expand the plant's capacity to 3 million tonnes from 1.1 million tonnes to increase concentrate production.

- Also, the Company intends to develop a pyrometallurgical plant, which will have a target production output of tin ingots at 99.95% purity and tantalum and niobium-rich slags.

- The Company intends to set up a pilot plant to separate industrial minerals. This pilot plant would allow the Company to identify and separate specific minerals – namely feldspars, micas and quartz. There is potentially a large prospective market primarily supplied by imports from Turkey and other places. The Company has held talks with potential interested parties who are large distributors of industrial minerals to seek an agreement that, if successful, would allow these products to be distributed, thereby helping to reduce costs and increase cash flow. Additionally, Strategic Minerals intends to undertake further exploration work in the Company's Penouta Project permitted areas.

Phase 2: Expand exploration work on the Alberta II Project

Strategic Minerals has conducted photointerpretation work to develop a general cartography of the Alberta II Project and identify possible areas of interest. Field reviews were also carried out to verify the areas of interest, taking chip samples to perform geochemical assays and develop detailed cartography. At this time, the Company does not consider the Alberta II Project to be a material property.

Phase 3: Finalize the process of exploration on the properties in Macarena and Carlota

The Company is currently waiting on these investigation permits to be processed.

SIGNIFICANT TRANSACTIONS

The Transaction

The Company completed the Transaction with SMEI by way of a share exchange. The Company (then Buccaneer) and SMEI entered into the Share Exchange Agreement, pursuant to which, among other things: (i) Buccaneer changed its name to Strategic Minerals Europe Corp.; (ii) Buccaneer consolidated its common shares on a 5:1 basis; (iii) Buccaneer exchanged SMEI Shares for Buccaneer Shares on a 1:1 basis in connection with the completion of the Transaction; and (iv) Strategic issued 31,519,395 warrants to existing warrant holders of SMEI and 1,551,083 warrants to former shareholders of Buccaneer.

Following completion of the Transaction, the Company assumed the business of SMEI, which, through SMS, is focused on the production, development and exploration of tin, tantalum and niobium, primarily at the Penouta Project.

Immediately after the closing of the Transaction, there were 236,471,333 common shares of the Company outstanding, of which 230,267,000 were held by the former shareholders of SMEI (representing approximately 97.0% of the outstanding common shares of the Company), and 6,204,333 were held by the former shareholders of Buccaneer. Accordingly, this Transaction was accounted for as a reverse takeover acquisition whereby SMEI is deemed to be the acquirer for accounting purposes.

The $742,568 excess of the total Transaction costs over the net assets acquired, as well as $93,328 of legal and accounting fees, have been expensed in the statement of operations.

Refer to note 5 in the Company's 2021 Financial Statements for consideration of accounting treatment and further details.

Concurrent Financings

In a series of tranches, SMEI completed the Offering of 29,025,000 units (the "SMEI Units") at a price of CDN$0.25 per SMEI Unit for gross proceeds of approximately CDN$7,256,250. Each SMEI Unit consisted of one SMEI Share and one common share purchase warrant of SMEI (an "SMEI Warrant"). Each SMEI Warrant was exercisable into one SMEI Share at a price of CDN$0.40 for a period expiring five years from July 15, 2021. In connection with the Offering, SMEI issued 1,242,000 advisory units and CDN$47,175 in advisory fees to various third parties.

Refer to note 13 in the Company's 2021 Financial Statements for consideration of accounting treatment and further details.

RESULTS OF OPERATIONS AND OVERALL PERFORMANCE

Production and Sales

Production and sales	Q4 2021	Q4 2020	Year 2021	Year 2020
Mill feed (tonnes)	57	153	406	468
Tin concentrate				
Production (tonnes)	25	76	247	194
Sales (tonnes)	42	70	253	171
Grade Tin (%)	68.2	55.4	66.1	56.1
Tantalite concentrate				
Production (tonnes)	8	32	84	83
Sales (tonnes)	22	43	92	98
Grade Ta_2O_5 (%)	19.9	13.1	17.0	13.6
Grade Nb_2O_5 (%)	20.4	13.6	17.7	15.0
Total Revenue ($ thousands)	1,391	1,151	7,550	2,767

During the fourth quarter of 2021, production was halted in October and part of November to carry out maintenance and improvement of the plant and the main mill to ensure it would be in an appropriate condition to handle the larger volume and specific material produced from the open pit. This halt reduced production by 75 tonnes, or 69%, compared to the same period in the previous year. Despite the decrease in production during the last quarter of 2021, production for the full year 2021 increased by 52.5 tonnes, or 19%, compared to 2020, despite only being in operation for 251 days during the year, 5% more than the 239 days of operation during 2020.

Access to the high-grade feed area and a greater plant availability favored the production of higher quantities of mineral concentrates, driving the increase in sales and grades of commercial concentrates. Those benefits resulted in the production of higher quantities of mineral concentrates, which led to a notable increase in sales, as well as grades of commercial concentrates, during the last quarter of 2021, as presented in the table above.

Tonnes sold during the last three months of 2021 were 43% below those of the same period of 2020, affected by the halt of production during October. Despite the halts, sales rose by 28.6% from 2020, representing an increase of 76.6% for the year.

Sales of tin reached 253 tonnes for the year, an increase of 48% compared to the year before, with an increase of grade to 66.1 from 56.1, which contributed to the higher sales for the year.

The decrease in tantalite sales was primarily due to the challenges in the supply chain, specifically as congestion at international ports, together with the lack of loading equipment, led to long delays in obtaining space for shipping.

During the year, a notable improvement in tantalum and niobium pentoxide grades, up 17.0% and 17.7%, respectively, alleviated the challenges in production and distribution.

Total revenues for the full year 2021 increased by 173%, or $4.783 million, from the year before. Revenues for the fourth quarter of 2021 increased by 21%, or $0.240 million, compared to the same period a year prior. This is the result of a positive price evolution and better grade performance.

Sales prices continued to increase during the fourth quarter and throughout the full year 2021. Since the restrictions caused by the COVID-19 pandemic were lifted and economic activities increased, the prices of minerals have continued to maintain an upward trend, mainly driven by the consumption of electronic devices. Supply chain management remains one of the most relevant challenges from the COVID-19 pandemic, further complicated by the recent geopolitical crisis in Ukraine that continues to impact all industries.

Tin: Demand for tin has surged amid booming sales of electronics in the work-from-home era, and according to the London Metal Exchange, tin futures prices have sky-rocketed since the end of March 2021 to trade at 10-year highs above $43,350 per tonne.

Tantalum: Tantalum concentrate prices have been increasing since the beginning of February in 2021, and management expects the implementation of 5G technology will continue to increase the prices for tantalum in the long term.

The price of tantalum reached its maximum price of $202 per kg in August 2021, from $126 per kg in January 2021. It then dropped to $169 at the end of the year, compared to an average of $129 per kg during 2020.

Operating results

($ thousands)	Q4 2021	Q4 2020	Year 2021	Year 2020
Revenue	1,391	1,151	7,550	2,767
Profit before expenses and other	*891*	*822*	*6,084*	*1,726*
Depreciation and amortization expense	(429)	(437)	(1,708)	(1,672)
Employee expenses	(400)	(393)	(1,681)	(1,289)
Share-based payments	(1,305)	-	(1,305)	-
Other operating expenses	(1,397)	(477)	(3,382)	(1,453)
Results from operations before other expenses	*(2,641)*	*(485)*	*(1,992)*	*(2,688)*
Adjusted EBITDA [1]	***(954)***	***(217)***	***1,184***	***(1,116)***

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

During the fourth quarter of 2021, when production was halted in October and part of November to carry out maintenance and improvement of the plant and the main mill, profit before expenses and other reached $0.891 million, or 64% as a percentage of sales, above the $0.822 million, or 71% as a percentage of sales, for the same period of 2020.

Profit before expenses and other for the full year 2021 reached $6.084 million, 353% above that from the previous year, due to the increase in sales observed during the year and the strategies followed by management to maintain efficient operations after the COVID-19 pandemic shutdown.

As operations returned to normal after the COVID-19 pandemic closures during 2020 and with the extreme weather conditions experienced in northern Spain during the first four months of 2021, an increase in operating expenses was to be expected.

The increase in employee expenses results from the extraordinary reduction in the workforce in 2020 when, due to the COVID-19 pandemic business closures, the Spanish Government approved a law whereby companies could temporarily decrease or suspend labour contracts. The Company opted for this measure, and the Government paid the cost of salaries during 2020 lockdowns under the Temporary Employment Regulation Expedient (ERTE by its acronym in Spanish) from mid-March to June 2020. Salaries for the year 2021 increased 30.5%, or $0.393 million, compared to 2020.

As part of the Transaction, 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 December 7, 2021, the Company granted a total of 13,215,000 Stock Options to certain officers, directors, advisors and consultants of the Company, with each Stock Option entitling the holder thereof to acquire one common share at an exercise price of CDN$0.25. All the options vested immediately and will expire in five years from the date of the grant.

On December 7, 2021, subsequent to the closing of the RTO Transaction, the Board approved the grant of a total of 500,000 stock options to a consultant, exercisable at CDN$0.25 per share and expiring on December 6, 2023. The options have a two-year term and vested immediately.

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

Other Operating Expenses ($ thousands)	FY 2021	FY 2020	Variance	%Var.
Leases and Royalties	291	101	190	188%
Repairs and Maintenance	258	31	227	732%
Independent professional services	978	502	476	95%
Transportation	17	6	11	183%
Insurance premiums	47	81	(34)	-42%
Banking and similar services	20	32	(12)	-38%
Advertising, publicity and public relations	5	-	5	100%
Supplies (electricity)	1,328	647	681	105%
Consulting expenses	60	-	60	100%
Legal Expenses	46	-	46	100%
Audit Expenses	54	-	54	100%
Investor relations	9	-	9	100%
Regulatory and transfer agent	80	-	80	100%
Other Services	154	46	108	235%
Other Taxes	35	7	28	400%
Total Other Operating Expenses	**3,382**	**1,453**	**1,929**	**133%**

The main driver for the increase in other operating expenses is the higher cost of electricity within supplies. Electricity expenses increased by 111%, or $0.508 million, in 2021 from the previous year. Electricity costs in Spain have tripled in the last year, from $0.084/KW in January 2021 to $0.264/KW in January 2022. The increase in electricity costs in 2021 is also higher as a result of lower energy costs in 2020 when the plant was closed from mid-March to June due to the restrictions related to the COVID-19 pandemic. The Company is working on setting up a solar-based auto-generating facility to reduce cost and uncertainty in prices going forward. The Company expects to finance it with grants and additional financing.

The Independent professional services include the costs associated with establishing the public company's corporate functions, including legal and accounting fees and insurance, among others.

SOCIALLY RESPONSIBLE, SUSTAINABLE AND SCALABLE

The Company has established an environmental policy (the "Environmental Policy") to address our responsibility to avoid environmental damage and protect and rehabilitate the environment in areas where Strategic Minerals conducts exploration and development work.

SMS is committed to, among other things, the sustainable use of resources (geological, environmental, water and energy), energy efficiency, and proper waste management.

The Penouta Project has contributed from the beginning, actively and voluntarily, to carry out actions aimed at the social, economic and environmental improvement of the environment. It is a circular economy project ("Circular Economy"), in which abandoned mining waste is valorized and generates economic, environmental and social benefits. The Circular Economy looks beyond the current take-make-waste extractive industrial model; a Circular Economy aims to redefine growth, focusing on positive society-wide benefits. It entails gradually decoupling economic activity from consuming finite resources and designing waste out of the system. Underpinned by the transition to renewable energy resources, the circular model builds economic, natural and social capital.

From an environmental point of view, SMS has designed optimal, effective and resource-efficient processes, which allow the maximum use and value-creation from the waste from the old mine located at the Penouta Project.

The Penouta Project has the following environmental strengths:

- The benefit of abandoned mining wastes for the valorization and obtaining of strategic metals, like tin, tantalum and niobium, as well as industrial minerals. This results in the reduction of these wastes by up to 80%.
- Mining exploitation in a previous environmentally degraded area: after mining, environmental restoration techniques will be applied. The ecological quality will improve with respect to the current state and provide uses non-existent today.
- Obtaining metals from mining wastes in a conflict-free zone.
- The design of the modern mining plant allows the efficient use of energy and water resources. In this process, chemical substances are avoided because it is an exclusively gravimetric process.

To achieve the goal of reducing and eliminating environmental impact, SMS uses information extracted from a detailed pre-operational study conducted in and around the Penouta Project, which includes, for example:

a) Climate study.
b) Surface water and groundwater study.
c) Vegetation study, inventory and distribution of vegetal species.
d) Wildlife study through birdwatching.

This environmental information is used to carry out operational control and restoration work.

Restoration work began in 2019 by planting trees around the mine facilities. In 2022, the environmental restoration of one already reprocessed tailing pond has begun through the extension of topsoil for planting and planting of trees native to the area.

In relation to operational environmental impacts, methods are applied to eliminate or reduce them as much as possible. Thus:

- SMS carries out annual dust and environmental noise measurements.
- As production requires water and energy consumption, to minimize, for example, water consumption, a process plant has been designed to reuse 75% of the water.
- The gravimetric process does not include any chemicals so that the process water is not affected by chemicals.
- SMS carries out numerous water quality controls, both surface and groundwater.
- SMS also carries out continuous monitoring of flora and fauna. It uses measures to protect fauna, such as fencing to prevent them from passing through.
- The Company has an industrial waste management system.

As part of its environmental commitment, SMS also provides continuous training to its workers and the personnel of contracted companies, with whom it has signed an agreement to comply with environmental standards.

Corporate Sustainability Actions

During the short time that the Company has been in business, SMS has been awarded different recognitions:

- Since April 2017, the Mining waste exploitation of the Penouta Project has been mentioned in the Circular Economy Industry Platform of the Business Europe website (http://www.circulary.eu/project/strategic-minerals-recycled-mining-waste/). This is the largest organization representing European companies of all sizes and sectors related to featured projects on the Circular Economy.

- Among the 21 Spanish companies on this platform, SMS aims to be a reference for sustainable mining, in which abandoned waste is revalued and generates economic, environmental, and social benefits within the Circular Economy framework.

- In addition, SMS was selected to be part of a European study to support the preparation of the best practices guide in the waste management plans of the extractive industries in accordance with article 5 of Directive 2006/21 / EC, which was published in February of this year.

- SMS has received recognition within the European Union as an example of good practices in Circular Economy. Specifically, we are mentioned in several sections of Circular Economy reports and critical raw materials of the European Commission, which include:
  - Raw Materials and the Circular Economy, JRC Science for Policy Report, December 2017 (https://publications.jrc.ec.europa.eu/repository/bitstream/JRC108710/jrc108710-pdf-21-12-2017_final.pdf)
  - Report on Critical Raw Materials and the Circular Economy, January 2018. (https://op.europa.eu/en/publication-detail/-/publication/d1be1b43-e18f-11e8-b690-01aa75ed71a1/language-en)
  - Development of a guidance document on best practices in the Extractive Waste Management Plans. Circular Economy Action, January 2019 (https://op.europa.eu/en/publication-detail/-/publication/f18472f8-36aa-11e9-8d04-01aa75ed71a1/language-en/format-PDF/source-87989698)

These recognitions have resulted in the 2019 JRC Science for Policy Report (Recovery of critical and other raw materials from mining waste and landfills. State of play on existing practices), recognizing the Penouta Project as being one of the 10 examples of European mining projects reflecting good practices in the recovery of critical raw materials. https://ec.europa.eu/jrc/en/publication/recovery-critical-and-other-raw-materials-mining-waste-and-landfills:

- Since February 2019, SMS is also part of the Sustainable Mining of Galicia platform (https://minariasostible.gal/es/metales/), which includes mining companies that exploit raw materials in a sustainable way in Galicia.

- Also, in 2020, SMS was one of the 25 companies awarded the European Business Environmental Awards in the EBAE 2019/2020 edition, selected among 115 nominations.

These awards recognize those companies that successfully combine the economic viability of their businesses with the protection of the environment.

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

- October 2020: application for the selection of personnel for the renewal of the members of the governance group DG Grow of EIP on Raw Materials.
- Since December 2020: Strategic Minerals has been a member of the European Raw Materials Alliance (ERMA). https://erma.eu/

From the Social Perspective

The Company has signed collaboration agreements with local communities to prioritize hiring resident workers and promote the execution of service contracts with local companies. As a result of these commitments, 75% of the direct workers employed by the Company belong to the nearby area of the Viana do Bolo Council, which increases to 82% when the radius is expanded to the province.

- 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, 70% of the people who directly and indirectly work in the mine are from the Viana do Bolo Council and its immediate surroundings.
- This has resulted in the creation of 55 direct jobs and 30 indirect jobs that have benefited a region that has experienced decades of economic decline and depopulation.
- Additionally, the Company organizes regular student 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 operations. The Company will continue to create jobs in a very degraded rural area.

MINERAL RESOURCES

The Company has completed an 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"). SRK has considered sampling density, distance from samples, and estimate quality in order to classify the MRE according to the terminology, definitions and guidelines given in the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Mineral Reserves (December 2005) in accordance with National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101").

In summary, SRK's updated MRE on the Penouta Project reported above a cut-off grade of 60 ppm Ta2O5 equivalent comprising the following:

- Measured Open Pit Mineral Resource of 7.6 Mt at 600 ppm Sn and 85 ppm Ta ppm;
- Indicated Open Pit Mineral Resource of 68.6 Mt at 426 ppm Sn and 72 ppm Ta ppm; and,
- Inferred Open Pit Mineral Resource of 57 Mt at 389 ppm Sn and 62 ppm Ta ppm.

Additional metallurgical test work on hard rock sources of mineralization, in addition to further verification of technical and economic inputs used for MRE pit optimization, will be important to the next stages of the Project development given the importance of these with respect to more advanced technical studies and also their potential to impact on the criteria used for reporting with reasonable prospects for eventual economic extraction.

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

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating information								
Mill feed (tonnes)	57	158	149	42	153	173	-	142
Tin concentrate production (tonnes)	25	131	80	11	76	82	-	37
Tantalite concentrate production (tonnes)	8	44	27	4	32	35	-	16
Total concentrate production (tonnes)	*34*	*175*	*107*	*14*	*108*	*117*	-	*53*
Tin concentrate sold (tonnes)	42	121	80	10	70	65	-	35
Tantalite concentrate sold (tonnes)	22	34	28	8	43	33	-	22
Total sales (tonnes)	*64*	*154*	*109*	*18*	*113*	*98*	-	*57*
Grade Tin (%)	68.2	68.0	63.7	64.1	55.4	54.8	-	57.7
Grade Ta2O5 (%)	19.9	16.4	15.5	15.1	13.1	13.5	-	14.2
Grade Nb2O5 (%)	20.4	16.9	16.7	16.1	13.6	15.2	-	16.7
Financials ($ thousands, except per share amounts)								
Revenue	**1,391**	**4,156**	**1,699**	**304**	**1,151**	**968**	**8**	**640**
Changes in inventories of finished goods & work in progress	(77)	204	(233)	82	97	-	-	-
Raw materials and consumables used	(221)	(221)	(169)	(49)	(192)	(210)	(1)	(75)
Supplies	(202)	(235)	(246)	(99)	(234)	(256)	-	(170)
Profit before expenses and other	*891*	*3,902*	*1,054*	*237*	*822*	*502*	*7*	*395*
Depreciation and amortization expense	(429)	(435)	(410)	(434)	(437)	(428)	(403)	(404)
Employee expenses	(400)	(460)	(425)	(396)	(393)	(385)	(60)	(451)
Share-based payments	(1,305)	-	-	-	-	-	-	-
Other operating expenses	(1,397)	(1,039)	(586)	(360)	(477)	(471)	(183)	(323)
***Adjusted EBITDA* [1]**	***(954)***	***2,383***	***249***	***(494)***	***(217)***	***(348)***	***(232)***	***(319)***
Finance income	(37)	44	5	1	47	-	-	-
Finance costs	(58)	(19)	(98)	(137)	(203)	(164)	(147)	(119)
RTO Transaction cost	(836)	-	-	-	-	-	-	-
Other income (expense)	(47)	(20)	206	25	(169)	6	4	60
Total other income (expense)	*(978)*	*5*	*113*	*(111)*	*(325)*	*(158)*	*(143)*	*(59)*
Net income (loss)	(3,619)	1,973	(254)	(1,064)	(810)	(940)	(782)	(842)
Net loss per share - Basic and diluted	(0.02)	0.01	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

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

The upward trend in production was interrupted in the last quarter of 2021 due to the maintenance and improvement of the plant and the main mill. During the second quarter of 2020, production interruptions were due to closures as a response to the COVID-19 pandemic.

Mineral grades have steadily increased during the last two years.

Expenses incurred in the fourth quarter of 2021 include $1.305 million related to the stock options the Company granted to certain of its officers, directors, advisors and consultants and $0.836 million in costs related to the Transaction.

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:

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:

	Q4 2021	Q4 2020	Year 2021	Year 2020	Year 2019
Net income (loss)	**(3,619)**	**(810)**	**(2,964)**	**(3,374)**	**(5,118)**
Finance income	37	(47)	(13)	(47)	(18)
Finance costs	58	203	312	633	524
Depreciation and amortization expense	429	437	1,708	1,672	1,646
EBITDA	**(3,095)**	**(217)**	**(957)**	**(1,116)**	**(2,966)**
RTO Transaction cost	836	-	836	-	-
Share-based payments	1,305	-	1,305	-	-
Adjusted EBITDA	**(954)**	**(217)**	**1,184**	**(1,116)**	**(2,966)**

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

	Q4 2021	Q4 2020	Year 2021	Year 2020	Year 2019
Revenue	1,391	1,151	7,550	2,767	3,311
Changes in inventories of finished goods & work in progress	(77)	97	(24)	97	123
Raw materials and consumables used	(221)	(192)	(660)	(478)	(971)
Supplies	(202)	(234)	(782)	(660)	(973)
Other operating expenses	(1,397)	(477)	(3,382)	(1,454)	(2,524)
Employee expenses	(400)	(393)	(1,681)	(1,289)	(2,463)
Other income (expense)	(47)	(169)	163	(99)	531
Adjusted EBITDA	**(954)**	**(217)**	**1,184**	**(1,116)**	**(2,966)**
RTO Transaction cost	(836)	-	(836)	-	-
Share-based payments	(1,305)	-	(1,305)	-	-
EBITDA	**(3,095)**	**(217)**	**(957)**	**(1,116)**	**(2,966)**

LIQUIDITY

During the year 2021, the Company continued to strengthen its financial position by improving its operating performance, enhancing production performance and its cost structure which improved the net loss by $0.410 million compared to the year before. Management feels confident that working capital requirements will be covered during the ongoing course of business.

As at December 31, 2021, the Company had working capital of $0.641 million compared to a deficiency of $1.047 million at the end of 2020. Key components of working capital include:

- Cash at the end of the period reached $2.236 million, up from $0.252 million from the previous year, mainly as a result of the Offering and the Transaction.
- Trade and other accounts receivable of $1.500 million at the end of the period, up from $0.309 million from the year before; this increase is consistent with the increase in sales.
- Inventories at the end of the period were valued at $0.218 million, not a material difference compared to the $0.214 million in 2020.

- Trade accounts payable increased to $2.483 million from $0.997 million at the end of 2020, mainly due to the increase in operations and the agreement during 2020 with suppliers holding balances above $17,000 for payment deferrals, which are being paid in 19 quarterly installments, ending in 2025.

Operating activities

Net cash provided by operating activities in the year ended December 31, 2021, amounted to $1.357 million compared to a cash requirement of cash of $2.013 million in the year ended December 31, 2020, when the closures related to the COVID-19 pandemic prevented the Company from generating positive cash flow from operations, while the increase in revenues during 2021 resulted in positive cash flow from operations.

Investing activities

The main use of funds was the investment in the Penouta Project to increase the production capacity. Total cash used in investing activities for 2021 was $4.255 million.

Financing activities

The proceeds from private placements added $5.754 million to the financing activities, of which $0.746 million was utilized to repay existing loans with banks. During 2020, proceeds from financing activities added $1.967 million, entirely from bank loans, mainly to support the operations.

As at December 31, 2021, 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. The following table summarizes the Company's payments due from contractual obligations for the next five years.

Contractual obligations ($ thousands)	Total (5 yrs)	2022	2023	2024	2025	2026
Bank loans	3,138	772	798	798	770	-
Government grants (Total balance $578,421)	413	83	83	83	83	83
Related party loans (Total balance $207)	0	0	-	-	-	-
Arrangements with suppliers	1,507	454	396	396	261	-
Right of use	304	70	78	78	78	-
Total contractual obligations for 5 years	**5,361**	**1,379**	**1,354**	**1,354**	**1,191**	**83**

The net proceeds from the Offering have been used primarily for (i) exploration and exploitation of the Penouta Project, located in Spain; (ii) general working capital purposes; and (iii) payment of expenses incurred in connection with the Offering. These uses are consistent with the anticipated use of funds disclosed in the Company’s filing statement dated December 6, 2021, except payments of expenses incurred in connection with the Offering for $107,254 were higher than anticipated (anticipated to be nil). This variance will be compensated for by a reduction in the use of funds for working capital purposes.

Anticipated Use of Funds ($)	Original amount (1)	Updated amount
Penouta Project Expansion	4,660,000	4,660,000
Plant Equipment	500,000	500,000
Transaction Expenses	-	107,254
General Working Capital(2)	1,101,875	994,621
Total Anticipated Use of Funds	**6,261,875**	**6,261,875**

(1) As disclosed in the Company's filing statement dated December 6, 2021.

(2) The Company's expansion plan is flexible and should the Company have unexpected working capital requirements, it can slow down or delay the expansion to cover any unanticipated working capital shortage.

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 years ended December 31, 2021 and 2020.

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 December 31, 2021, and 2020 the outstanding balance was $14,060 and $4,864, respectively. In 2021, a total of $17,747 (2020 – $10,682) was recorded as operating expenses.

The following interest was recorded with respect to related party loans.

Related Company ($)	Loan interest	
	2021	2020
Pacific Strategic Minerals Corp.[2]	154,563	430,965
Salamanca Ingenieros, S.L.[1]	1,691	10,119
Highgrade Recursos – Servicios e Investimentos Unipessoal Lda.[3]	5,969	35,722
Total	162,223	476,806

Notes:

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

[2] Pacific Strategic Minerals, Corp. is a shareholder of Strategic in which Jaime Perez Branger (Chief Executive Officer and Director of the Company) owns a non-controlling interest.

[3] Highgrade Recursos – Servicios e Investimentos Unipessoal Lda. is beneficially owned by Miguel de la Campa (Chairman of the Board of Directors of the Company).

The following table summarized the amounts payable to related parties:

Participating loans ($)	2021	2020
Pacific Strategic Minerals Corp.	165	6,518,590
Salamanca Ingenieros, S.L.	42	434,714
Highgrade Recursos – Servicios e Investimentos Unipessoal Lda	-	1,406,818
Ned Land Europe	-	10,799,695
Total	207	19,159,817

In April and June 2021, the following balances were capitalized as shareholder contributions to SMS as follows:

Participating loans capitalized ($)	2021
Pacific Strategic Minerals Corp.	18,095,751
Salamanca Ingenieros, S.L.	425,115
Highgrade Recursos – Servicios e Investimentos Unipessoal Lda	1,376,400
Total	19,897,266

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 years ended December 31, 2021, and 2020 was:

Key management personal compensation ($)	2021	2022
Management fees	292,124	-
Director fees	343,573	45,504
Consulting fees	41,935	-
Share-based compensation	1,071,636	-
Total	**1,749,268**	**45,504**

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 December 31, 2021, the Company holds a foreign currency balance of $20,476 (December 31, 2020 – $31,584) included in cash which is subject to foreign currency risk.

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

The preparation of these consolidated financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates, and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

Decommissioning liabilities

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities.

Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income, value-added, withholding and other taxes

The Company is subject to income, value-added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value-added, withholding, and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Recoverability of potential deferred tax assets

In assessing the probability of realizing deferred income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company’s control, are feasible, and are within management’s ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Share-based payments and warrants

Management determines costs for share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards and warrants are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates (if applicable) and future employee stock option exercise behaviors and corporate performance (if applicable). Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, “Standards of Disclosure for Mineral Projects”, issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company’s control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management’s assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company’s financial position and results of operation.

Estimated useful life of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at each reporting date and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company’s property, plant and equipment in the future.

Impairment of non-current assets

Management applies significant judgment in its assessment and evaluation of asset or cash generating units at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company’s mineral properties, plant and equipment. External sources of information considered are changes in the Company's economic, legal and regulatory environment, which it does not control, but affect the recoverability of its mining assets. Internal sources of information the Company considers include the manner in which mining properties and plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Calculating the fair value less costs of disposal of cash generating units for impairment tests requires management to make estimates and assumptions with respect to future production levels, operating, capital and closure costs, future metal prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

Calculation of other provisions

Refer to Note 4(n) in the Financial Statements for consideration of accounting treatment and further details.

Contingencies

Refer to Notes 14 and 19 in the Financial Statements for consideration of accounting treatment and further details.

Recently adopted accounting pronouncements

During the year ended December 31, 2021, the Company adopted the following amendments. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Future changes in accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2021, and have not been applied in preparing these financial statements. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. In February 2021, the

IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on January 1, 2023.

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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. 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. 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

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.

This 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. In making its assessment of internal controls, management used the Internal Control – Integrated Framework (2013) published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures and internal controls over financial reporting were effective as at December 31, 2021.

There have been no changes in the Company's internal controls over financial reporting during the three months ended December 31, 2021 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.