STRATEGIC MINERALS EUROPE CORP.

MANAGEMENT´S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 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 August 11, 2022, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto for the quarter ended June 30, 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 page 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 page 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 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 and share purchase warrants ("Warrants") trade on the Neo Exchange Inc. ("NEO") under the symbols "SNTA" and "SNTA.WT" respectively. Strategic Minerals is also listed on the FSE open market under the symbol "26K0". On July 25, 2022, the Company’s common shares commenced trading on the OTCQB marketplace under the symbol "SNTAF."

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.

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, and on May 23, 2022, the Company was granted the definitive concession on Section C of the Penouta Project, referred to as "Penouta Mine No. 4880.1" which consists of 16 mining squares with an area of 155.8 hectares. The mining concession allows the Company to exploit the mineral resources certified by SRK in the Penouta Project Technical Report (as defined herein) for a term of 30 years. The definitive concession is renewable for up to 75 years, thereby allowing the Company to fully develop the open pit mine to exploit cassiterite (tin), tantalum and niobium, and to exploit the industrial minerals that exist in the mine, such as quartz, feldspars and micas.

The Company, through SMS, 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.

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

- On May 23, 2022, the Company was granted the definitive concession on Section C of the Penouta Mine, consisting of 16 mining squares with an area of 155.8 hectares, which allows the Company to fully develop the open pit mine to exploit cassiterite (tin), tantalum and niobium, and also to exploit the industrial minerals that exist in the mine, such as quartz, feldspars and micas for a 30 year term, which is renewable for up to 75 years.

- During the second quarter of 2022, the Company consolidated the transition to open pit mining at the Penouta Project and the commissioning of the new primary crushing plant, increasing its primary concentrate production to 181 tonnes, 3.8 times the production of the first quarter and 1.7 times the production of the second quarter of 2021. In June, production of primary concentrate reached 72.2 tonnes, the largest volume for a single month.

- Quality of concentrate improved during the second quarter. Production consisted of 153 tonnes of cassiterite concentrate with 71.4% tin content, and 28 tonnes of tantalite/columbite concentrate with 23.0% tantalite content and 25.0% columbite content.

- Revenues for the second quarter reached $4.688 million, an increase of $2.988 million or 176% from the same period of 2021.

- Adjusted EBITDA for the quarter increased by 250% as compared the same period of 2021, reaching $1.208 million, practically offsetting the loss of the first quarter when open pit activities started. Net income during the second quarter reached $0.813 million ($0.003 per share), an increase of $0.990 million from the net loss of $0.177 million ($0.001 per share) in the same period of 2021.

SECOND QUARTER AND FIRST HALF 2022 HIGHLIGHTS

Operating information	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Mill feed (thousand tonnes)	214	149	299	191
Cassiterite concentrate production (tonnes)	153	80	194	91
Tantalite and columbite concentrate production (tonnes)	28	27	35	31
Total concentrate production (tonnes)	**181**	**107**	**229**	**122**
Cassiterite concentrate sold (tonnes)	141	80	183	90
Tantalite and columbite concentrate sold (tonnes)	24	28	29	36
Total sales (tonnes)	**165**	**108**	**212**	**126**
Grade Tin (%)	71.2	63.7	70.7	63.7
Grade Ta2O5 (%)	23.0	15.5	21.7	15.4
Grade Nb2O5 (%)	25.0	16.7	23.9	16.6
Financial data ($ thousands, except per share amounts)				
Revenue	**4,688**	**1,700**	**5,772**	**2,003**
Changes in inventories of finished goods & work in progress	(26)	(151)	55	(151)
Raw materials and consumables used	(574)	(169)	(783)	(218)
Supplies	(930)	(246)	(1,206)	(344)
Profit before expenses and other	**3,158**	**1,134**	**3,838**	**1,289**
Total operating expenses	(2,368)	(1,423)	(4,779)	(2,610)
Adjusted EBITDA [1]	**1,208**	**345**	**(89)**	**(246)**
Total other income (expense)	23	112	143	1
Net income (loss)	813	(177)	(798)	(1,319)
Net income (loss) per share - Basic and diluted	0.003	(0.001)	(0.003)	(0.011)

Balance sheet ($ thousands)	*Jun 30, 2022*	*Dec 31, 2021*
Cash and cash equivalents	1,531	2,236
Total assets	27,863	29,948
Total non-current liabilities	5,022	4,941

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

Production of primary concentrate reached 181 tonnes in the second quarter and 229 tonnes in the first half of the year, which represents an increase from the same period of 2021 of 69% and 88% respectively, primarily driven by the transition to open pit mining at the Penouta Project and the commissioning of the new primary crushing plant.

The 165 tonnes sold during the second quarter represents a 53% increase as compared to the same period of 2021, and the 212 tonnes sold in the first six months of the year were 68% more than in the same period of 2021, with sales of cassiterite contributing 85% and 86%, respectively, of the mix of sales.

Revenues for the second quarter of the year were 2.8 times those from the second quarter of 2021, reaching $4.688 million. During the first half of the year, revenues totaled $5.772 million, 2.9 times the revenues of the first half of 2021. The Company's average sale price increased due to the mix of sales, higher international prices of metals during the period and higher content of tin, tantalite and columbite in its produced concentrates.

Adjusted EBITDA reached $1.208 million or 25.8% as a percentage of sales for the second quarter, an increase of $0.863 million or 250% from the same period of 2021 ($0.345 million or 20.3% as a percentage of sales). Operating expenses are attributed to the commencement of the crushing plant and to the blasting of materials from the open pit during the first quarter of this year. These operating expenses, when combined with certain expenses related to adjustments to operations and hiring of additional and more qualified personnel, resulted in negative adjusted EBITDA of $0.089 million for the first half of the year, which compares favorably to the negative adjusted EBITDA of $0.246 from the same period of 2021.

Net income for the second quarter of the year reached $0.813 million ($0.003 per share), an increase of $0.990 million from the net loss of $0.177 million ($0.001 per share) in the same period of 2021. Net loss for the first half of the year amounted to $0.798 million ($0.003 per share), an improvement of $0.521 million year over year.

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 to expand production and improve recovery levels, as well as to initiate 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 its profile on SEDAR at www.sedar.com. The following are the most significant developments related to the current Phase 1 - "Development of the Penouta Project":

- On May 23, 2022, the Company was granted the definitive concession on Section C of the Penouta Mine, named "Penouta Mine No. 4880.1" consisting of 16 mining squares with an area of 155.8 hectares. The mining concession permits the Company to exploit the mineral resources certified by Penouta Project Technical Report (as defined herein) for 30 years and is renewable for up to 75 years, thereby allowing the Company to fully develop the open pit mine to exploit cassiterite (tin), tantalum and niobium, and also allowing the exploitation of the industrial minerals that exist in the mine, such as quartz, feldspars and micas.

- Production has increased every month thus far in 2022, bringing the Company closer to reaching its guidance targets set at 75-90 tons of concentrate per month for the second half of the year.

- Quality of concentrate improved as production for the period consisted of 153 tonnes of cassiterite concentrate with 71.2% tin content, and 28 tonnes of tantalite/columbite concentrate with 23.0% tantalite content and 25.0% columbite content. The Company's goal is to continue this trend of improvement throughout the second half of the year.

- The Company's average sale price increased due to the mix of sales, the higher content of tin, tantalite and columbite in its concentrates, and favourable international prices of metals during the period. As of the date of this MD&A, international prices of minerals have decreased due to intensified fears of a global recession, inflation pressure on the main economies and the continuation of the military conflict between Russia and Ukraine.

There have been no changes in the advancement of Phases 2 (Expand exploration work on the Alberta II Project) and 3 (Finalize the process of exploration on the properties in Macarena and Carlota) of the Company's strategic plan, due to the Company's focus on Phase 1.

RESULTS OF OPERATIONS AND OVERALL PERFORMANCE

Production and Sales

Production and sales	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Mill feed (thousand tonnes)	214	149	299	191
Cassiterite concentrate				
Production (tonnes)	153	80	194	91
Sales (tonnes)	141	80	183	90
Grade Tin (%)	71.2	63.7	70.7	63.7
Tantalite and columbite concentrate				
Production (tonnes)	28	27	35	31
Sales (tonnes)	24	28	29	36
Grade Ta2O5 (%)	23.0	15.5	21.7	15.4
Grade Nb2O5 (%)	25.0	16.7	23.9	16.6
Total Revenue ($ thousands)	4,688	1,700	5,772	2,003

During the second quarter of 2022, the Company has consolidated its transition to open pit mining, increasing the production and the quality of its final products. Primary concentrate production reached 42.8 tonnes in April, 66.7 tonnes in May and 72.2 tonnes in June, in line with the anticipated upward trend based on the open pit mining at the Penouta Project and the start of operations of the primary crushing plant. As a reference, June's production of 72.2 tonnes is 2.6 times the average monthly production of 2021.

Total production during the second quarter of 2022 reached 181 tonnes of primary concentrate, an increase of 69% year over year, consisting in production of 153 tonnes of cassiterite concentrate with 71.2% tin content (80 tonnes with 63.7 tin concentrate in 2021), and 28 tonnes of tantalite and columbite concentrate with 23.0% tantalite content and 25.0% columbite content (27 tonnes with 15.5% tantalite / 16.7% columbite content a year before).

Sales of cassiterite concentrate for the second quarter of 2022 reached 141 tonnes, an increase of 76% from the same period of 2021. Sales of tantalite and columbite concentrate were 24 tonnes for the second quarter, a decrease of 14% from the year before due to the timing in which the minimum batch size is reached and shipped to customers.

Revenues for the second quarter of 2022 reached $4.688 million, 2.8 times the sales of the same period of 2021, an increase of $2.988 million driven by the increase in tonnes produced and sold as well as a higher sales price consistent with the higher content of tin, tantalite and columbite reached and favourable international metal prices. Revenues in the second quarter more than quadrupled those of the first quarter of the year, as the Company gets closer to its production targets.

Operating results

($ thousands)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Revenue	4,688	1,700	5,772	2,003
Profit before expenses and other	*3,158*	*1,134*	*3,838*	*1,289*
Depreciation and amortization expense	(321)	(428)	(721)	(843)
Employee expenses	(614)	(424)	(1,205)	(821)
Share-based payments	-	-	(19)	-
Other operating expenses	(1,433)	(571)	(2,834)	(946)
Results from operations before other expenses	*790*	*(289)*	*(941)*	*(1.321)*
Adjusted EBITDA 1	***1,208***	***345***	***(89)***	***(246)***

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

Improvements to the Company's operations continued during the second quarter of the year, including the installation of eight additional shaking tables and a gravity concentrator in an effort to increase processing capacity and recovery of fines in the process. Increased primary concentrate production and quality of the concentrate led profit before expenses and other to reach $3.158 million or 67.4% as a percentage of sales for the second quarter of 2022, an increase of $2.024 million or 179% from the same period of 2021 ($1.134 million or 66.7% as a percentage of sales).

As operations continue to develop, additional employees with higher qualifications and salaries have been hired, including operators, maintenance crew and technicians supporting the crushing process. The headcount increased to 65 employees at the end of the second quarter. As a percentage of sales, employee expenses decreased from 25% during the second quarter of 2021 to 13% during the second quarter this year, for a total expense of $0.614 million during the second quarter of 2022, a 45% increase year over year.

The Company's focus on improving profitability has prevented other operating expenses to grow beyond the escalation of production, which has decreased from 34% as a percentage of sales in the second quarter of 2021 to 31% in the second quarter of 2022. Other operating expenses amounted $1.433 million in the second quarter of 2022, 151% more than those in the same period of 2021 and only 2% above those in the first quarter of this year, while production increased by 69% and 285% respectively.

The detail of these expenses can be found in the following table:

Other Operating Expenses ($ thousands)	Q2 2022	Q2 2021	Variance	%Var.
Leases and Royalties	85	44	41	93%
Repairs and Maintenance	176	25	151	604%
Professional services	438	217	221	102%
Transportation	-	2	(2)	-100%
Insurance premiums	6	27	(21)	-78%
Banking and similar services	6	4	2	50%
Advertising, publicity and public relations	12	-	12	100%
Supplies (electricity / diesel)	523	246	277	113%
Admin & Insurance	16	-	16	100%
Other Services	165	7	158	2257%
Other Taxes	6	0	6	100%
Total Other Operating Expenses	**1,433**	**571**	**862**	**151%**

Electricity and diesel expense increased in the second quarter by 69% and 258% respectively from the same period in 2021, primarily driven by the increased cost of utilities worldwide. Electricity cost in Spain has gone from $0.092/kW in the second quarter of 2021 to $0.224/kW in the second quarter of 2022, while cost of diesel increased from $0.456/lt. to $0.906/lt. in the same periods. Consumption of diesel has increased as it is required for the operation of the new crushing plant.

The strict control on operating expenses while increasing production and quality of the concentrates translated into adjusted EBITDA of $1.208 million during the second quarter of 2022, an increase of $0.863 million or 250% from same period of 2021 and practically offsetting the loss of the first quarter when open pit activities started.

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, throughout the second quarter of 2022, the Company has continuously monitored the following environmental factors associated with its operations:

- waste management
- water quality control
- fauna and flora monitoring
- atmospheric emissions control
- soil monitoring
- environmental management with contractors
- environmental training for workers

Certification process: The Company promotes a modern, responsible and sustainable mining industry focused on social, environmental and occupational safety. Therefore, it is committed to implement the UNE-EN ISO 14001[1] Environmental Management Systems Standard, as well as the UNE 22470[2] and UNE 22480[3] Standards on Sustainable Mining Management Systems during 2022.

The certification process for the three standards initiated during May this year, and the final implementation audit is expected for October 2022.

---

1 ISO 14001 provides organizations with a framework to protect the environment and respond to changing environmental conditions, in balance with socio-economic needs, by specifying the requirements for an Efficient Environmental Management System.
2 UNE 22470 Standard aims to establish economic, social and environmental indicators to evaluate the implementation of a sustainable mining-mineral-metallurgical management system. It applies to mining, mineral concentration or transformation and extractive metallurgical industries.
3 UNE 22480 Standard specifies the requirements for a sustainable mining-mineral-metallurgical management system, aimed at enabling an organization to develop a system for continuous improvement in the performance of sustainability criteria, considering legal requirements and significant sustainability aspects to which the organization subscribes, regardless of the type of mining activity carried out.

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.

As of the date of this MD&A, SRK has been engaged to evaluate the Company's metallurgical processing and make recommendations.

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	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Operating information								
Mill feed (thousand tonnes)	214	85	57	158	149	42	153	173
Cassiterite concentrate production (tonnes)	153	40	25	131	80	11	76	82
Tantalite and columbite concentrate production (tonnes)	28	7	8	44	27	4	32	35
Total concentrate production (tonnes)	*181*	*47*	*33*	*175*	*107*	*15*	*108*	*117*
Cassiterite concentrate sold (tonnes)	141	42	42	121	80	10	70	65
Tantalite and columbite concentrate sold (tonnes)	24	5	22	34	28	8	43	33
Total sales (tonnes)	*165*	*47*	*64*	*155*	*108*	*18*	*113*	*98*
Grade Tin (%)	71.2	68.9	68.2	68.0	63.7	64.1	55.4	54.8
Grade Ta2O5 (%)	23.0	16.7	19.9	16.4	15.5	15.1	13.1	13.5
Grade Nb2O5 (%)	25.0	19.4	20.4	16.9	16.7	16.1	13.6	15.2
Financials ($ thousands, except per share amounts)								
Revenue	**4,688**	**1,084**	**1,391**	**4,156**	**1,700**	**303**	**1,151**	**968**
Changes in inventories of finished goods & work in progress	(26)	81	(77)	204	(151)	-	97	-
Raw materials and consumables used	(574)	(209)	(221)	(221)	(169)	(49)	(192)	(210)
Supplies	(930)	(277)	(202)	(235)	(246)	(98)	(234)	(256)
Profit before expenses and other	*3,158*	*679*	*891*	*3,904*	*1,134*	*156*	*822*	*502*
Depreciation and amortization expense	(321)	(400)	(429)	(435)	(428)	(415)	(437)	(428)
Employee expenses	(614)	(591)	(400)	(460)	(424)	(397)	(393)	(385)
Share-based payments	-	(19)	(1,305)	-	-	-	-	-
Other operating expenses	(1,433)	(1,401)	(1,397)	(1,039)	(571)	(375)	(477)	(471)
Adjusted EBITDA [1]	***1,208***	***(1,297)***	***(954)***	***2,383***	***345***	***(592)***	***(217)***	***(348)***
Finance income	38	136	(37)	44	5	1	47	-
Finance costs	(112)	(32)	(58)	(19)	(100)	(136)	(203)	(164)
RTO Transaction cost	-	-	(836)	-	-	-	-	-
Other income (expense)	97	16	(47)	(20)	207	24	(169)	6
Total other income (expense)	*23*	*120*	*(978)*	*5*	*112*	*(111)*	*(325)*	*(158)*
Net income (loss)	813	(1,612)	(3,619)	1,973	(177)	(1,142)	(810)	(940)
Net Income (loss) per share - Basic and diluted	0.003	(0.007)	(0.016)	0.009	(0.001)	(0.011)	(0.008)	(0.009)

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

The relevance of the Company's efforts to transition to open pit mining at the Penouta Project, the setup of the new primary crushing plant, increasing its primary concentrate production and the quality of the concentrate, may be seen by comparing volumes and results of the most recent quarter in comparison to the previous quarters.

Mill feed reached 214,000 tonnes, total concentrate production is at its highest level, mineral grades have steadily increased during the last two years, resulting in an increase in net income.

SUMMARY OF FINANCIAL CONDITION AND LIQUIDITY

($ thousands) Financial Position as at,	Balances as at, Jun 30, 2022	Dec 31, 2021	Variance	%Var.
Assets				
Current assets:				
Cash and cash equivalents	1,531	2,236	(705)	(32%)
Trade and other receivables	1,381	1,501	(120)	(8%)
Inventories	241	218	23	11%
Other current assets	95	94	1	1%
Total current assets	**3,248**	**4,049**	**(801)**	**(20%)**
Non-current assets:				
Property, plant and equipment	21,497	22,513	(1,016)	(5%)
Exploration and evaluation	2,567	2,788	(221)	(8%)
Other assets	355	374	(19)	(5%)
Right-of-use assets	194	223	(29)	(13%)
Total assets	**27,863**	**29,948**	**(2,085)**	**(7%)**
Liabilities and shareholder's equity				
Current liabilities:				
Trade and other payables	2,726	2,483	243	10%
Current portion of long term liabilities	850	925	(75)	(8%)
Total current liabilities	**3,576**	**3,408**	**168**	**5%**
Non-current liabilities:				
Long term liabilities	3,126	4,147	(1,021)	(25%)
Decommissioning liabilities	1,896	794	1,102	139%
Total labilities	**8,598**	**8,350**	**249**	**3%**
Shareholders' equity:				
Share capital	40,818	40,818	-	- %
Other reserves	3,820	3,801	19	0%
Accumulated other comprehensive loss	(4,165)	(2,611)	(1,554)	60%
Deficit	(21,208)	(20,409)	(799)	4%
Total shareholders' equity	**19,265**	**21,599**	**(2,334)**	**(11%)**
Total liabilities and shareholders' equity	**27,863**	**29,948**	**(2,085)**	**(7%)**

As at June 30, 2022, the Company had a deficiency in working capital of $0.328 million compared to working capital surplus of $0.641 million at the end of 2021. During the first half of 2022, working capital was used to transition to open pit mining and for the commissioning of a new primary crushing plant, as well as to fulfil financial commitments, including the first annual installment of the government grant received from the Spanish Ministry of Science and Innovation in January 2019.

Key components of working capital include:

- Cash at the end of the first half of 2022 reached $1.531 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 $1.381 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 and the normal course of business with clients.
- Inventories at the end of the period were valued at $0.241 million, slightly higher compared to the $0.218 million at the end of 2021.
- Trade accounts payable increased to $2.726 million from $2.483 million at the end of 2021, due to operations with suppliers in the normal course of business.

Operating activities

Net cash provided by operating activities during the second quarter of 2022 amounted to $0.973 million, offsetting the net cash used in operating activities in the first quarter of 2022 of $0.708 million, to reach a total of net cash provided by operating activities for the first half of 2022 of $0.265 million, which compares to net cash used in operating activities of $0.268 million during the same period of 2021; management expects the cash generation trend to continue in the following months.

Investing activities

The main use of funds during the first half of the year, $0.515 million, was the remaining investment required to commission the primary crushing plant and installation of certain equipment, including without limitation, the eight shaking tables and the gravity concentrator

Financing activities

During the first half of the year, the Company has continued to fulfill its financial commitments, which includes the: i) repayment of existing loans in the amount of $0.423 million; and ii) payment of the principal amount of leases equal to $0.017 million, which results in a combined total of $0.440 million net payments towards financing activities. By comparison, during the first half of 2021, the Company required funds provided by financing activities to support the operations in the amount of $0.592 million.

As at June 30, 2022, all financial liabilities are related to the Company's operations and the Company does not foresee any liquidity problems with respect to maintaining its operations, fulfilling its financial commitments or continuing with its long-term plans.

OUTSTANDING SHARE DATA

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

(a) 236,533,833 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.

On July 27, 2022, the Company issued 62,500 common shares to a consultant at a deemed price per share of $0.24 on a private placement basis.

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 June 30, 2022.

The exploitation concession on Section C of the Penouta Mine requires the Company to provide a financial guarantee for a total amount of $3.390 million (equivalent to approximately €3.243 million at the June 30, 2022 exchange rate) to be established during the following five years, starting with a financial guarantee of $2.031 million (equivalent to approximately €1.943 million at the June 30, 2022 exchange rate) this year, expected to be established in Q3 2022. The total amount consists of the sum of two items: i) $1.691 million (equivalent to approximately €1.618 million at the June 30, 2022 exchange rate) in compliance with the obligations of the financing and viability of the mining works (4% of the investment budget); and ii) $1.699 million (equivalent to approximately €1.625 million at the June 30, 2022 exchange rate) in compliance with the restoration plan.

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.[4], as at June 30, 2022 and December 31, 2021, the outstanding balance was $2,979 and $14,060, respectively. During the first half of 2022, a total of $11,046 was recorded as operating expenses.

As at June 30, 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

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

key management personnel of the Company for the second quarter and first half was:

Key Management Compensation ($)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Management fees	113,373	52,430	232,633	90,551
Director fees	85,599	31,110	179,022	47,697
Total	**198,972**	**83,540**	**411,654**	**138,249**

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:

($ thousands)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Net income (loss)	**813**	**(177)**	**(798)**	**(1,319)**
Finance income	(38)	(5)	(175)	(6)
Finance costs	112	100	144	236
Depreciation and amortization expense	321	428	721	843
EBITDA	**1,208**	**345**	**(108)**	**(246)**
RTO Transaction cost	-	-	-	-
Share-based payments	-	-	19	-
Adjusted EBITDA	**1,208**	**345**	**(89)**	**(246)**

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

($ thousands)	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Revenue	4,688	1,700	5,772	2,003
Changes in inventories of finished goods & work in progress	(26)	(151)	55	(151)
Raw materials and consumables used	(574)	(169)	(783)	(218)
Supplies	(930)	(246)	(1,207)	(344)
Other operating expenses	(1,433)	(571)	(2,834)	(946)
Employee expenses	(614)	(424)	(1,205)	(821)
Other income (expense)	97	207	112	231
Adjusted EBITDA	**1,208**	**345**	**(89)**	**(246)**
RTO Transaction cost	-	-	-	-
Share-based payments	-	-	(19)	-
EBITDA	**1,208**	**345**	**(108)**	**(246)**

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 June 30, 2022, the Company has a foreign currency liability of $4,405 (December 31, 2021 – balance of $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 June 30, 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 June 30, 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.