STRATEGIC MINERALS EUROPE CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

(EXPRESSED IN U.S. DOLLARS)

(Unaudited)

STRATEGIC MINERALS EUROPE CORP.
Condensed Interim Consolidated Statement of Financial Position
As at September 30, 2022 and December 31, 2021
(Expressed in U.S. Dollars)
(Unaudited)

	Notes	September 30, 2022 $	December 31, 2021 $
Assets			
Current assets:			
Cash and cash equivalents		**486,004**	2,235,716
Trade and other receivables	9	**1,066,589**	1,500,876
Inventories	8	**855,092**	218,331
Other current assets		**68,417**	94,402
Total current assets		**2,476,102**	4,049,325
Non-current assets:			
Property, plant and equipment	6	**21,343,310**	22,513,368
Exploration and evaluation	5	**1,026,003**	2,788,050
Other assets	17	**1,108,376**	374,204
Right-of-use assets	7	**170,624**	223,203
Total assets		**26,124,415**	29,948,150
Liabilities and shareholder's equity			
Current liabilities:			
Trade and other payables		**2,527,099**	2,482,826
Current portion of long term liabilities	10	**991,904**	925,313
Total current liabilities		**3,519,003**	3,408,139
Non-current liabilities:			
Long term liabilities	10	**2,685,856**	4,147,253
Decommissioning liabilities	13	**1,778,974**	794,131
Total labilities		**7,983,833**	8,349,523
Shareholders' equity:			
Share capital	12	**40,829,378**	40,817,960
Other reserves		**3,819,628**	3,800,673
Accumulated other comprehensive loss	12	**(5,475,635)**	(2,610,876)
Deficit		**(21,032,789)**	(20,409,130)
Total shareholders' equity		**18,140,582**	21,598,627
Total liabilities and shareholders' equity		**26,124,415**	29,948,150

Commitments and contingencies (Note 1, 13 & 17)
Subsequent events (Note 20)

On behalf of the Board of Directors:

"Campbell Becher"
Director (Signed)

"Miguel de la Campa"
Director (Signed)

See the accompanying notes to the condensed interim consolidated financial statements

STRATEGIC MINERALS EUROPE CORP.

Condensed Interim Consolidated Statement of Operations and Comprehensive Loss
For the three and nine months ended September 30, 2022 and 2021
(Expressed in U.S. Dollars)
(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
		2022	**2021**	**2022**	**2021**
	Notes	**$**	**$**	**$**	**$**
Revenue	11a & 18	**3,686,517**	4,155,288	**9,459,000**	6,158,232
Changes in inventories of finished goods and work in progress		**606,160**	203,684	**661,531**	52,449
Raw materials and consumables used		**(291,469)**	(221,519)	**(1,074,540)**	(439,266)
Supplies		**(965,260)**	(235,221)	**(2,172,195)**	(579,686)
Profit before expenses and other		**3,035,948**	3,902,232	**6,873,796**	5,191,729
Expenses:					
Depreciation and amortization expense	6, 7	**(530,106)**	(436,153)	**(1,250,832)**	(1,279,299)
Employee expenses	11b	**(617,096)**	(460,418)	**(1,821,893)**	(1,281,411)
Share-based payments	12	**-**	-	**(18,955)**	-
Other operating expenses	11c	**(1,741,321)**	(1,038,938)	**(4,575,658)**	(1,984,950)
Total expenses		**(2,888,523)**	(1,935,509)	**(7,667,338)**	(4,545,660)
Other income (expense)					
Finance income		**3,349**	43,708	**177,879**	49,819
Finance costs		**(43,722)**	(17,315)	**(187,703)**	(252,983)
Other income		**67,753**	(21,182)	**179,707**	209,799
Total other income		**27,380**	5,211	**169,883**	6,635
Net income (loss)		**174,805**	1,971,934	**(623,659)**	652,704
Other comprehensive income (loss)					
Items that may be reclassified to (loss) income in subsequent periods:					
Foreign currency translation adjustment		**(1,310,283)**	(396,027)	**(2,864,759)**	283,998
Comprehensive income (loss)		**(1,135,478)**	1,575,907	**(3,488,418)**	936,702
Earnings (loss) per share - Basic and diluted	19	**0.001**	0.009	**(0.003)**	0.004
Weighted average number of shares outstanding - Basic and diluted	19	**236,515,491**	219,682,446	**236,486,214**	154,012,047

See the accompanying notes to the condensed interim consolidated financial statements

STRATEGIC MINERALS EUROPE CORP.
Condensed Interim Consolidated Statements of Change in Equity (Deficiency)
For the nine months ended September 30, 2022 and 2021
(Expressed in U.S. Dollars)
(Unaudited)

	Share capital and premium	Other equity	Other reserves	Currency translation adjustment	Deficit	Total
	$	$	$	$	$	$
Balance at December 31, 2020	**16,762,382**	**(9,228,261)**	**374,914**	**(1,462,728)**	**(8,491,771)**	**(2,045,464)**
Shares issued in settlement of related party debt (note 12)	19,897,266	-	-	-	-	19,897,266
Effects of restructuring (note 12)	-	9,228,261	(274,705)	-	(8,953,556)	-
Private Placements (note 12)	2,977,299	-	1,984,866	-	-	4,962,165
Advisory fee related to private placements	118,732	-	79,155	-	-	197,887
Costs of issue	(165,349)	-	(110,233)	-	-	(275,582)
Total comprehensive income for the period	-	-	-	283,998	652,704	936,702
Balance at September 30, 2021	**39,590,330**	-	**2,053,997**	**(1,178,730)**	**(16,792,623)**	**23,672,974**
Balance at December 31, 2021	**40,817,960**	-	**3,800,673**	**(2,610,876)**	**(20,409,130)**	**21,598,627**
Shares issued for services (note 12)	11,418	-	-	-	-	11,418
Share-based compensation (note 12)	-	-	18,955	-	-	18,955
Total comprehensive loss for the period	-	-	-	(2,864,759)	(623,659)	(3,488,418)
Balance at September 30, 2022	**40,829,378**	-	**3,819,628**	**(5,475,635)**	**(21,032,789)**	**18,140,582**

See the accompanying notes to the condensed interim consolidated financial statements

STRATEGIC MINERALS EUROPE CORP.
Condensed Interim Consolidated Statement of Cash Flows
For the three and nine months ended September 30, 2022 and 2021
(Expressed in U.S. Dollars)
(Unaudited)

	Nine months ended September 30,	
	2022	**2021**
	$	**$**
Cash provided by (used in):		
Operating activities		
Net (loss) income	**(623,659)**	652,704
Items not involving cash:		
Depreciation and amortization expense	**1,250,832**	1,279,299
Finance income	**(177,879)**	(49,819)
Finance expenses	**187,703**	252,983
Share-based payments	**18,955**	-
Other income and losses	**22,859**	439,266
Net change in non-cash working capital items		
Trade and other receivables	**164,173**	(1,079,077)
Trade and other payables	**(68,029)**	(222,726)
Income tax paid	**(41,452)**	29,306
Other operating assets and liabilities	**(661,531)**	(55,129)
Net cash provided by (used in) operating activities	**71,972**	1,246,807
Investing activities		
Additions to property, plant and equipment	**(964,672)**	(368,113)
Net cash provided by (used in) investing activities	**(964,672)**	(368,113)
Financing activities		
Proceeds from borrowings	**205,391**	327,012
Repayment of loans	**(815,353)**	(666,160)
Principal elements of lease payments	**(78,318)**	(14,100)
Proceeds from private placements	**-**	4,884,470
Net cash provided by (used in) financing activities	**(688,280)**	4,531,222
Foreign exchange on cash and cash equivalents	**(168,732)**	(62,483)
Net change in cash and cash equivalents	**(1,749,712)**	5,347,433
Balance, at the beginning of the period	**2,235,716**	231,181
Balance, at the end of the period	**486,004**	5,578,614
Cash and cash equivalents as at September 30, 2022 and 2021		
Short term bank deposits	**437,591**	2,017,013
Cash	**48,413**	3,561,601
	486,004	5,578,614
Supplemental cash flow information		
Shares issued in settlement of debt	-	19,897,266
Increase in PP&E related to increased decommissioning obligation	1,080,846	-

See the accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Strategic Minerals Europe Corp. (the "Company" or "Strategic"), formerly Buccaneer Gold Corp., is a publicly listed company, engaged in the acquisition, exploration and evaluation and operation of mineral properties. The Company's head office is located at 365 Bay Street, Suite 800, Toronto, Ontario, Canada, M5H 2V1. The Company also has offices in Madrid, Spain. Through its wholly-owned subsidiary, Strategic Minerals Spain, S.L., Strategic holds mining rights in two mining properties, the Penouta Project (as defined herein), located in the northwestern Spanish province of Ourense, and the Alberta II Project (as defined herein), located in the Galicia Region of northwestern Spain.

On December 6, 2021, the Company completed a reverse takeover transaction ("RTO Transaction") with Strategic Minerals Europe Inc. ("SMEI") by way of a share exchange which resulted in the Company becoming the parent company of SMEI. SMEI is deemed to be acquirer in the RTO. As a result, the historical figures of these condensed interim consolidated statements of financial results represent those of SMEI as it is the deemed accounting acquirer.

The Company's shares are listed on the Neo Exchange Inc. ("NEO") under the symbol "SNTA" and on the Frankfurt Stock Exchange ("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."

On July 14, 2021, SMEI entered into an acquisition agreement with Strategic Minerals Spain S.L. ("SMS"), whereby SMEI issued 200,000,000 shares and 1,252,395 share purchase warrants in return for all of the issued and outstanding shares of SMS (the "Vend-in Transaction"). As a result of the Vend-in Transaction, the former shareholders of SMS control SMEI. SMEI is engaged, through its ownership of SMS, in certain mining and exploration activities in Spain (Notes 5 and 6). The Vend-in Transaction constituted a restructuring of SMS as there was no substantive change in ownership of SMS. As a result, the number of shares outstanding prior to the Vend-in Transaction have been represented as the number of shares issued in connection with the Vend-in transaction on a retrospective basis.

These condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on November 14, 2022.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due.

The Company has incurred a loss of $623,659 for the nine months ended September 30, 2022 (September 30, 2021 – income of $652,704) and has a working capital deficit of $1,042,901 as at September 30, 2022 (December 31, 2021 working capital surplus of $641,186).

The Company's status as a going concern is contingent upon raising the necessary funds through the issuance of equity or debt, or through sufficient cash flows from operations. These matters represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the commencement of mining operations and achievement of profitable operations, the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

In 2022, the Company commenced mining operations on the section of the Penouta Project identified by section C permit no. 4880.1 ("Section C"). There can be no assurance that mining operations on Section C will result in such profitable operations and positive cash flows.

These condensed interim consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE

These unaudited interim consolidated financial statements of the Company and its subsidiary have been prepared in accordance with International Accountant Standard 34, ("IAS 34"), Interim Financial Reporting. These interim consolidated financial statements do not conform in all respects to the requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Company's December 31, 2021 financial statements.

3. BASIS OF PREPARATION

Basis of consolidation

These condensed interim consolidated financial statements comprise the financial results of the Company, including its wholly owned subsidiaries as follows:

Entity	Property/function	Registered	Functional currency
Strategic Minerals Europe Corp (formerly, "Buccaneer Gold Corp")	Corporate	Canada	Canadian Dollar (CA)
Strategic Minerals Europe Inc. ("SMEI") *- incorporated on June 17, 2021*	Corporate	Canada	Canadian Dollar (CA)
Strategic Minerals Spain S.L. ("SMS") *- incorporated on December 22, 2011*	Penuota Mine	Spain	Euro

All significant intercompany balances and transactions have been eliminated upon consolidation.

Subsidiaries are those entities which Strategic controls. Control exists when the Company is exposed to or has rights to the variable returns of the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power is defined as existing rights that give the Company the ability to direct the relevant activities of the subsidiary. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost basis. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in U.S. dollars (“USD” or “$”). Each subsidiary of the Company determines its own functional currency based on the primary economic environment in which the subsidiary operates and it is disclosed under the basis of consolidation above.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

ii. income and expenses for each consolidated statement of operations and cash flows for the years presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);

iii. components of equity are translated at the exchange rates at the dates of the relevant transactions or at average exchange rates where this is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, and are not re-translated; and

iv. all resulting exchange differences are recognized in other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of operations as part of the gain or loss on sale.

Effective December 31, 2021, the Company changed its presentation currency from Euro ("EUR" or "€") 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.

Use of estimates and judgments:

The preparation of these interim 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 are the same as those described in the Company's most recent annual financial statements, which can be found on the Company's SEDAR profile at www.SEDAR.com.

4. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements. Accordingly, they should be read in conjunction with the Company's most recent consolidated annual financial statements as at December 31, 2021.

Recently adopted accounting pronouncements

During the period ended September 30, 2022, the Company adopted the following amendments. These new standards and changes did not have any material impact on the Company's condensed interim consolidated financial statements.

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.

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.

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).

(Expressed in U.S. Dollars)

Future changes in accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2022, 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.

5. EXPLORATION AND EVALUATION

As of September 30, 2022 and December 31, 2021, the Company, through SMS, holds the mining rights in Section C and section B mining concession no. 61 ("Section B" and together with Section C, the "Penouta Project"), which are located in the northwestern Spanish province of Ourense, and the mining interests identified by section C investigation permit no. 5186 (the "Alberta II Project"), which is located in the Galicia Region of northwestern Spain. A summary of the net book value included in Exploration and Evaluation is as follows:

Net Book Value (USD)	Alberta II Project	Penouta Project	Total
Balance December 31, 2020	**1,288,177**	**1,722,897**	**3,011,074**
Effect of foreign currency exchange differences	(95,412)	(127,612)	(223,024)
Balance December 31, 2021	**1,192,765**	**1,595,285**	**2,788,050**
Effect of foreign currency exchange differences	(166,762)	(99,644)	(266,406)
Transfer to Property Plant and Equipment	-	(1,495,641)	(1,495,641)
Balance September 30, 2022	**1,026,003**	**-**	**1,026,003**

During the nine months ended September 30, 2022, a total of $1,495,641 Exploration and Evaluation assets was reclassified to Property, Plant and Equipment as a result of the exploitation permit granted for Section C of the Penouta Project.

(Expressed in U.S. Dollars)

There were no other changes to the exploration and evaluation assets during the nine months ended September 30, 2022 and 2021 other than as a result of foreign currency translation.

There was no impairment of exploration and evaluation assets during the nine months ended September 30, 2022 and 2021.

6. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment are generally in connection with its mining operations, located north of the town of Penouta, in Concello de Viana do Bolo, Spain. As previously disclosed, the Penouta Project comprises two overlapping projects:

a) Section B (an exploitation concession) - where the Company has been processing historical tailings; and

b) Section C (an exploitation concession) – in June 2022 the Company was granted a definitive concession, which will permit the Company to exploit the mineral resources for 30 years and is renewable for up to 75 years.

   The initial estimate of the net present value of the obligations assumed as a result of dismantling or retirement and others associated with the asset, such as rehabilitation costs has been capitalized and recorded as technical installations and other tangible assets on the Condensed Interim Consolidated Statement of Financial Position as of September 30, 2022.

As of September 30, 2022 and December 31, 2021 a summary of the net book value is as follows:

ASSETS (USD)	Infrastructure	Technical installations and other tangible assets	Assets under construction	Administrative concessions	Computer software	Total
Balance December 31, 2020	**1,494,420**	**11,405,131**	**67,247**	**12,390,757**	**432,201**	**25,789,756**
Additions	-	39,715	4,694,348	-	-	**4,734,063**
Retirements	-	(88,211)	-	-	(363,021)	**(451,232)**
Effect of foreign currency exchange differences	(110,689)	(842,788)	(195,438)	(917,759)	(17,285)	**(2,083,959)**
Balance December 31, 2021	**1,383,731**	**10,513,847**	**4,566,157**	**11,472,998**	**51,895**	**27,988,628**
Additions	-	781,678	1,259,136	-	4,704	**2,045,518**
Transfer from exploration and evaluation	-	1,495,641	-	-	-	**1,495,641**
Transfer of assets under construction	689,078	4,451,373	(5,140,451)	-	-	**-**
Effect of foreign currency exchange differences	(250,313)	(1,359,245)	(474,445)	(2,269,908)	(7,643)	**(4,361,554)**
Balance September 30, 2022	**1,822,496**	**15,883,294**	**210,397**	**9,203,090**	**48,956**	**27,168,233**

Accumulated Depreciation (USD)	Infrastructure	Technical installations and other tangible assets	Assets under construction	Administrative concessions	Computer software	Total
Balance December 31, 2020	**(237,094)**	**(1,863,134)**	**-**	**(2,065,122)**	**(432,201)**	**(4,597,551)**
Additions	(55,968)	(613,304)	-	(993,556)	-	**(1,662,828)**
Retirements	-	30,050	-	-	363,021	**393,071**
Effect of foreign currency exchange differences	19,832	161,661	-	193,270	17,285	**392,048**
Balance December 31, 2021	**(273,230)**	**(2,284,727)**	**-**	**(2,865,408)**	**(51,895)**	**(5,475,260)**
Additions	(41,088)	(548,424)	-	(624,948)	(987)	**(1,215,447)**
Effect of foreign currency exchange differences	41,591	311,324	-	505,532	7,337	**865,784**
Balance September 30, 2022	**(272,727)**	**(2,521,827)**	**-**	**(2,984,824)**	**(45,545)**	**(5,824,923)**

(Expressed in U.S. Dollars)

Net Book Value (USD)	September 30, 2022	December 31, 2021
Infrastructure	1,549,769	1,110,501
Technical installations and other tangible	13,361,467	8,229,120
Fixed assets under construction	210,397	4,566,157
Administrative concessions	6,218,266	8,607,590
Computer software	3,411	-
Total Net	**21,343,310**	**22,513,368**

The assets under construction as at September 30, 2022 and December 31, 2021 represent an investment in new mining and crushing equipment that is to be reclassified to technical installations and other tangible assets upon completion.

7. RIGHT OF USE ASSETS

The Company has certain leases related to premises and land. The leases are for terms through 2025.

Right of Use Assets (USD)	Total
Balance December 31, 2020	**628,434**
Effect of foreign currency exchange differences	(46,547)
Balance December 31, 2021	**581,887**
Effect of foreign currency exchange differences	(81,355)
Balance September 30, 2022	**500,532**

Accumulated Depreciation ROU (USD)	Total
Balance December 31, 2020	**(347,721)**
Amortization	(38,271)
Effect of foreign currency exchange differences	27,308
Balance December 31, 2021	**(358,684)**
Amortization	(34,768)
Effect of foreign currency exchange differences	63,544
Balance September 30, 2022	**(329,908)**

Net Book Value (USD)	September 30, 2022	December 31, 2021
Right-of-use assets	170,624	223,203
Total - net	**170,624**	**223,203**

8. INVENTORIES

Inventories comprise the following:

Inventories (USD)	September 30, 2022	December 31, 2021
Finished goods	530,819	168,780
Materials and supplies	324,273	49,551
Total	**855,092**	**218,331**

The finished goods as at September 30, 2022 comprised concentrate of tin and tantalum of $421,129 and $109,690 respectively (December 31, 2021 - $154,530 and $14,250) valued at cost. There were no inventory write-downs recognized during the three and nine months ended September 30, 2022.

(Expressed in U.S. Dollars)

9. TRADE AND OTHER RECEIVABLES

Trade and other receivables are composed of the following:

Trade and other receivables (USD)	September 30, 2022	December 31, 2021
Trade receivables	774,692	703,633
VAT receivable	291,897	797,243
Total	**1,066,589**	**1,500,876**

10. LONG TERM LIABILITIES

The table below summarizes the outstanding obligations as at September 30, 2022 and December 31, 2021:

in USD	September 30, 2022	December 31, 2021
Bank loans	2,392,835	3,137,720
Government grants	391,510	578,421
Arrangements with suppliers	631,334	1,052,480
Lease liabilities	262,081	303,738
Related party loans	-	207
Total	3,677,760	5,072,566
Less: current portion	(991,904)	(925,313)
Long term liabilities	**2,685,856**	**4,147,253**

Bank loans

The Company has loans with several financial institutions that are payable on a quarterly basis. The outstanding balances as at September 30, 2022 and December 31, 2021 are as follows:

September 30, 2022 (USD)	Starting Date	Due Date	Secured	Annual interest rate	Balance short-term	Balance long-term	Total
Loan (a)	October 2020	October 2025	No	2.00%	34,430	80,026	114,456
Loan (b)	October 2020	October 2025	No	2.00%	36,275	81,619	117,894
Loan (c)	October 2020	October 2025	No	2.00%	17,682	41,100	58,782
Loan (d)	March 2020	December 2025	Secured	2.00%	482,554	1,121,595	1,604,149
Loan (e)	December 2020	September 2025	No	2.50%	38,913	80,796	119,709
Loan (f)	October 2020	April 2025	No	2.30%	27,951	50,276	78,227
Loan (g)	September 2020	October 2025	No	2.25%	34,357	74,106	108,463
Loan (h)	September 2022	March 2023	No	2.50%	188,445	-	188,445
Other short debts	-	October 2023	No	-	2,710	-	2,710
Total					**863,317**	**1,529,518**	**2,392,835**

December 31, 2021 (USD)	Starting Date	Due Date	Secured	Annual interest rate	Balance short-term	Balance long-term	Total
Loan (a)	October 2020	October 2025	No	2.00%	39,432	123,128	162,560
Loan (b)	October 2020	October 2025	No	2.00%	42,171	126,513	168,684
Loan (c)	October 2020	October 2025	No	2.00%	20,252	63,236	83,488
Loan (d)	March 2020	December 2025	Secured	2.00%	552,653	1,725,680	2,278,333
Loan (e)	December 2020	September 2025	No	2.50%	44,400	127,962	172,362
Loan (f)	October 2020	April 2025	No	2.30%	32,011	82,878	114,889
Loan (g)	September 2020	October 2025	No	2.25%	39,273	116,190	155,463
Other short debts	-	October 2023	No	-	1,941	-	1,941
Total					**772,133**	**2,365,587**	**3,137,720**

(Expressed in U.S. Dollars)

Government grants

In January 2019, the Company received a grant equivalent to $564,917 from the Spanish Ministry of Science and Innovation which had a 3-year period prior to commencement of repayment. During the nine months ended September 30, 2022, a total repayment of $81,649 was made against this grant. The principal amount due in 12 months is $61,291 and has been recognized as a current liability as at September 30, 2022.

Agreements with suppliers

During 2020, deferral payment agreements were reached with suppliers with outstanding balances higher than €15,000 ($17,026). Payments are scheduled in quarterly instalments (19 quarters) until 2025. The current portion of $313,963 is included in the “Trade and other payables” balance as at September 30, 2022 (December 31, 2021 - $454,176).

The expected repayments due to the agreements with suppliers are as follows:

in Euro	Total	2023	2024	2025
Arrangements with suppliers	646,595	86,168	335,172	225,255
Total	**646,595**	**86,168**	**335,172**	**225,255**

in USD equivalent	Total	2023	2024	2025
Arrangements with suppliers	631,334	84,133	327,262	219,939
Total	**631,334**	**84,133**	**327,262**	**219,939**

Lease liabilities

Lease liabilities (USD)	
Lease liability as at December 31, 2020	**387,475**
Interest expense	11,591
Lease payments	(81,714)
Effect of foreign currency exchange differences	(13,614)
Lease liability as at December 31, 2021	**303,738**
Interest expense	4,347
Lease payments	(71,932)
Effect of foreign currency exchange differences	25,928
Lease liability as at September 30, 2022	**262,081**

The Company used a discount rate of 3% in determining the present value of lease payments.

Lease liabilities (USD)	September 30, 2022	December 31, 2021
Current lease liabilities	67,298	70,341
Long-term portion of lease liabilities	194,783	233,397
	262,081	**303,738**

Related party loans

As at September 30, 2022 the related party loans amounted to $nil (December 31, 2021- $207).

(Expressed in U.S. Dollars)

Scheduled future undiscounted principal obligations of the Company as at September 30, 2022 are as follows:

Cash flow Obligation (USD) - undiscounted	1 year	1-3 years	More than 3 years	Total
Bank loans	900,906	1,578,389	-	2,479,295
Government grants	71,079	213,236	142,157	426,472
Arrangements with suppliers	-	631,334	-	631,334
Lease liabilities	68,713	186,246	-	254,959
Total	**1,040,698**	**2,609,205**	**142,157**	**3,792,060**

11. REVENUES AND EXPENSES

(a) Revenue

Revenue (USD)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Sales	3,686,517	4,155,288	9,459,000	6,158,232
Total	**3,686,517**	**4,155,288**	**9,459,000**	**6,158,232**

See Note 18.

(b) Employee expenses

The breakdown of the expenses in the profit and loss account is as follows:

Personnel expenses (USD)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Wages and Salaries	480,723	319,858	1,415,250	929,072
Severance	-	475	1,227	958
Social Security paid by the Company	133,501	95,249	388,426	291,357
Other social benefits	2,872	44,836	16,990	60,024
Total	**617,096**	**460,418**	**1,821,893**	**1,281,411**

(c) Other operating expenses

Other operating expenses (USD)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Leases and Royalties	89,873	26,130	321,315	160,637
Repairs and Maintenance	226,211	59,033	466,175	96,005
Professional services	476,310	429,209	1,383,398	767,419
Transportation	3,296	4,740	3,358	9,388
Insurance premiums	16,125	6,251	37,960	33,103
Banking and similar services	61,910	2,396	72,250	8,822
Advertising, publicity and public relations	14,036	4,843	31,111	4,843
Supplies (Electricity/Diesel)	755,618	470,801	1,896,291	839,524
Administrative	2,212	-	25,168	-
Other Services	88,215	21,457	321,601	33,020
Other Taxes	7,515	14,078	17,031	32,189
Total	**1,741,321**	**1,038,938**	**4,575,658**	**1,984,950**

(Expressed in U.S. Dollars)

12. SHARE CAPITAL

Authorized:
Common Shares: Unlimited

Issued:

	Common Shares #	Warrants #
Balance, December 31, 2020	4,554,162	-
Loan settement	4,610,652	-
Restructuring of SMS and SME on July 14, 2021	(9,164,814)	-
Restructuring of SMS and SME on July 14, 2021	200,000,000	1,252,395
Private Placements – July 2021 – November 2021	29,025,000	29,025,000
Advisory fee related to private placements	1,242,000	1,242,000
Issued in reverse takeover	6,204,333	1,551,083
Balance, December 31, 2021	**236,471,333**	**33,070,478**
Shares issued for services	62,500	-
Balance, September 30, 2022	**236,533,833**	**33,070,478**

As at September 30, 2022, SMEI has 236,533,833 common shares outstanding, and 33,070,478 share purchase warrants exercisable at Canadian dollar (“CA$”) 0.40, expiring on July 16, 2026.

During the three and nine months ended September 30, 2022, the Company issued common shares as follows:

On July 27, 2022, the Company issued 62,500 common shares to a consultant at the closing market price on the NEO as at the date of issue (CA$0.24 per share).

During the three and nine months ended September 30, 2021, the Company issued common shares as follows:

(a) On July 14, 2021, SMEI acquired SMS, whereby 200,000,000 common shares and 1,252,395 Warrants were issued to the shareholders of SMS in exchange for all of the shares of SMS pursuant to the acquisition agreement with the shareholders of SMS. See Note 1 regarding the Vend-in Transaction.

(b) Private Placements

Between July and September 2021, SMEI issued 24,825,000 units (the “Units”) in multiple tranches of a private placement financing (the “Financing”). Each Unit consisted of one common share and one warrant (each, a “2026 Warrant”) at an issue price of CA$0.25 per Unit for aggregate gross proceeds of $4,962,165. Each 2026 Warrant is exercisable into one common share of the Company at a price of CA$0.40 for a period expiring five years after the date of issuance. In connection with the Financing, SMEI issued 990,000 Units in satisfaction of certain advisory fees related to the Financing.

(Expressed in U.S. Dollars)

The allocation of the Unit was calculated based on the relative fair value of each of the components. The fair value of the 2026 Warrants was determined using the Black-Scholes pricing model based upon the following assumptions:

Exercise price	CA$0.40
Share price	CA$0.15
Expected life	5.0 years
Expected annualized volatility	120.00% based on representative entities
Expected dividend rate	0%
Risk-free interest rate	0.50%

The relative fair value of the common shares was determined to be $2,977,299 and the relative fair value of the 2026 Warrants was determined to be $1,984,866. As for the advisory fees, the relative fair value of the common shares was determined to be $118,732 and the relative fair value of the 2026 Warrants was determined to be $79,155. On January 19, 2022 the 2026 Warrants were listed on the NEO under the symbol “SNTA.WT”.

Stock option plan

The Company has a rolling stock option plan (the “Plan’’) that authorizes the Board of Directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the Plan. The maximum term for options is 10 years.

On January 20, 2022, the Company granted a total of 100,000 stock options to certain consultants, with each stock option entitling the holder thereof to acquire one common share of the Company at an exercise price of CA$0.27. All the options vested immediately on the date of the grant and will expire in 5 years.

The stock option fair value of $18,955 was determined using a Black-Scholes pricing model which included an expected volatility of 120% based on the volatility of comparable companies, a risk-free interest rate of 1.68%, share price of CA$0.29, an estimated life of 5 years and a dividend yield of 0%.

As at September 30, 2022, the following options were outstanding and exercisable:

Grant Date	Expiry Date	Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price (CA$)	Remaining Life (in years)
December 7, 2021	December 7, 2026	13,215,000	13,215,000	0.25	4.19
December 7, 2021	December 7, 2023	500,000	500,000	0.25	1.19
January 20, 2022	January 20, 2027	100,000	100,000	0.27	4.31
		13,815,000	13,815,000	0.25	4.08

(Expressed in U.S. Dollars)

13. DECOMMISSIONING LIABILITIES

As at September 30, 2022, the Company recognized a provision for future estimated reclamation costs associated with the Penouta Project. The Company had submitted a mine closure and remediation plan as part of the process to seek approval from the Xunta de Galicia ("Xunta"), for the exploitation concession in Section C of the Penouta Mine. As described in note 6 in June 2022, the Company received approval from the Xunta. As a result, as at September 30, 2022, the Company recorded an increase of approximately $1.081 million (equivalent to approximately 1.107 million Euros at the September 30, 2022 exchange rate) in its provision for decommissioning to reflect a revision of its expected future mine closure and reclamation costs related to the existing mining operation within Section C (based on what was approved by the Xunta with respect to the current operations).

As at September 30, 2022, the estimated future liability of approximately $1,778,974 (December 31, 2021 - $794,131), was discounted at a rate of 2.31% (December 31, 2021 - 1.14%) with expected repayment dates between 2027 to 2052.

The underlying assumptions to the reclamation provision will be adjusted accordingly as the Company continues its mining operations as well as its exploration and development program.

Decommissioning liabilities (USD)	Total
Balance December 31, 2020	**848,933**
Accretion	8,418
Effect of foreign currency exchange differences	(63,220)
Balance December 31, 2021	**794,131**
Changes in estimates	1,080,846
Accretion	113,570
Effect of foreign currency exchange differences	(209,573)
Balance September 30, 2022	**1,778,974**

14. RELATED PARTIES

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:

(Expressed in U.S. Dollars)

The Company leases certain facilities from Sequoia Venture Capital S.L., a corporation controlled by a director; as at September 30, 2022 and December 31, 2021, the outstanding balance was $2,324 and $14,060, respectively. During the nine months ended September 30, 2022, a total of $18,095 was recorded as operating expenses (Note 11c).

As at September 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 key management personnel of the Company for the three and nine months ended September 30, 2022 and 2021 was:

Key Management Compensation (USD)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Management fees	106,932	69,930	339,565	160,481
Director fees	81,494	30,528	260,516	78,225
Total	**188,426**	**100,458**	**600,081**	**238,706**

Subsequent to September 30, 2022, certain related parties participated in a non-brokered private placement offering. See Note 20.

15. FINANCIAL INSTRUMENTS AND RISK FACTORS

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. As at September 30, 2022 and December 31, 2021, the Company has no financial instruments carried at fair value to classify in the fair value hierarchy.

As at September 30, 2022 and December 31, 2021, carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables on the statement of financial position approximate fair market value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from previous reporting periods.

(a) Credit Risk

The Company’s credit risk is primarily attributable to cash and cash equivalents, and trade and other receivables.

In general, the Company maintains its cash and cash equivalents in financial institutions with high credit ratings. Management believes that the credit risk concentration with respect to cash and cash equivalents is remote.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivables are grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at September 30, 2022 and December 31, 2021 is nominal as the Company only transacts with a limited number of regular customers that it has trading history with and has not incurred a sustained trend of any credit losses since revenue began.

(b) Liquidity Risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its obligations when due. As at September 30, 2022, the Company had cash and cash equivalents of $486,004 (December 31, 2021 - $2,235,716) available to settle current liabilities of $3,519,003 (December 31, 2021 - $3,408,139). All of the Company’s accounts payable have contractual maturities of less than 60 days and are subject to normal trade terms.

(c) Market Risk

The Company is exposed to the following market risks:

(i) Interest Rate Risk

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

(ii) Foreign Exchange Risk

The Company's functional currency is the CA$ and Euro, and major purchases and sales are transacted in CA$ and Euro. As at September 30, 2022, the Company holds a foreign currency balance of $24,998 (December 31, 2021 – $20,476) included in cash which is subject to foreign currency risk.

(iii) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

16. 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 and operation 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 future development of the business.

Management reviews its capital management approach on an on-going 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 three and nine months ended September 30, 2022 and 2021.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than that of the NEO 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.

17. COMMITMENTS AND CONTINGENCIES

(a) Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The exploitation concession underlying Section C of the Penouta Project requires the Company to provide a financial guarantee in the amount of EUR 3,243,371 ($3,166,827) to be established over the course of five years after the start of the exploitation works. The total amount consists of the sum of two items, EUR 1,618,080 ($1,579,893) responding to compliance with the obligations of financing and viability of the mining works (4% of the investment budget), and EUR 1,625,291 ($1,586,934) responding to compliance with the restoration plan.

In September 2022, the Company entered into an agreement with a financial institution to provide a bank guarantee in the amount of EUR 1,943,138 ($1,897,280) on behalf of the Company to cover obligations required for Section C of the Penouta Project. Per the agreement, the Company is required to provide a deposit to the financial institution for the amount of EUR 2,000,000 ($1,952,800) to be paid as follows:

- On September 16, 2022 – EUR 800,000 ($781,120) (paid)
- On or before November 15, 2022 – EUR 300,000 ($292,920)
- On or before December 15, 2022 – EUR 400,000 ($390,560)
- On or before January 15, 2023 – EUR 500,000 ($488,200)

The first payment was made in September 2022 and was recorded as other asset (non-current) on the Condensed Interim Consolidated Statement of Financial Position as of September 30, 2022.

(b) Operating Agreements

The Company is party to certain operating agreements that contain minimum commitments of approximately CA$150,000 ($110,000) within one year.

18. SEGMENTED DISCLOSURES

The Company currently operates in one operating segment, being the acquisition, exploration and evaluation and operation of mining properties in Spain. As at September 30, 2022 and December 31, 2021, all material non-current assets of the Company were located in Spain.

For the nine months ended September 30, 2022, approximately $9,459,000 (100%) of the Company’s total revenues was generated from two customers (September 30, 2021 - $6,158,232 (98%)).

19. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing reported net income (loss) by the weighted average number of common shares issued and outstanding for the reporting period.

Diluted earnings (loss) per share is computed by dividing earnings (loss) by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common shares of the Company during the reporting periods. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of warrants and vested stock options.

For the period ended September 30, 2022, 13,815,000 options and 33,070,478 warrants were excluded from the computation of diluted earnings (loss) per share, since the effect of conversion options and warrants would have been anti-dilutive.

20. SUBSEQUENT EVENTS

On October 13, 2022, the Company closed the first tranche of its non-brokered private placement offering (the “Offering”) for aggregate gross proceeds of approximately CA$1.017 million ($0.74 million). In connection with the closing of the first tranche of the Offering, the Company issued 1,017 convertible debenture units (the “Debenture Units”) at a price of CA$1,000 per Debenture Unit.

Each Debenture Unit consisted of (i) one 10% senior unsecured convertible debenture having a face value of CA$1,000, convertible into common shares of the Company at a conversion price of CA$0.25 per common share and maturing October 13, 2024; and (ii) 4,000 common share purchase warrants of the Company (each, a "2024 Warrant"). Each 2024 Warrant entitles the holder thereof to purchase one common share at a price of CA$0.25 per share until October 13, 2024.

The Company paid a finders’ fee of C$22,500 ($16,300) in Debenture Units to certain finders in connection with the closing of the first tranche of the Offering.

Certain directors and officers of the Company subscribed for approximately CA$730,000 worth of Debenture Units in the first tranche of the Offering.