STRATEGIC MINERALS EUROPE CORP.

MANAGEMENT´S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED MARCH 31, 2023

The following management's discussion and analysis of the results of operations and financial condition ("MD&A") for Strategic Minerals Europe Corp. (the "Company" or "Strategic Minerals"), is prepared as of May 15, 2023, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto for the quarter ended March 31, 2023 (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 19 of this MD&A. The financial information in this MD&A is derived from the Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Reference should also be made to pages 14 and 15 of this MD&A for information about non-IFRS measures referred to in this MD&A. ***All figures contained herein are expressed in United States dollars ("US" or "$"), except for production or as otherwise stated.***

FIRST QUARTER 2023 HIGHLIGHTS

Some of the most significant achievements of the Company during the first quarter of 2023 are as follows:

- During the first quarter of 2023, the Company reached the highest production level for a first quarter, performed the scheduled overhaul of the plant, secured financing to further its operational plans and recently renegotiated an offtake agreement with one of its main customers.

- Production for the first quarter of 2023 reached 121 tonnes, 2.6 times that of the same period of 2022, when the primary crushing plant was being installed and authorization for blasting was yet to be obtained. Cassiterite concentrate production reached 98 tonnes with 69.5% tin content and tantalite/columbite concentrate production reached 23 tonnes with 20.6% tantalite content and 22.8% columbite content.

- The previously announced major overhaul of the main ball mill was successfully completed in time. The Company organized major assembly and repair teams to efficiently coordinate the activities to be done during the 21 days in which the plant was stopped. The main goal of these activities was to prevent malfunctioning of the main mill and mechanical breakdowns affecting the operations.

- Sales for the first quarter reached 134 tonnes of concentrates and 86 tonnes of contained minerals (cassiterite, tantalite and columbite concentrates multiplied by the corresponding grade percentage), increasing 185% and 179% respectively from the first quarter of 2022.

- Revenues for the first quarter of 2023 totaled $2.902 million, an increase of 168% compared to the same period of 2022 due to the higher volume of sales. International prices of metals during the first quarter of 2023 saw a slight recovery from the decrease during 2022, although still approximately 40% below those of the first quarter of 2022.

- The combination of reduced production days during the overhaul program and higher cost of supplies, resulted in net loss for the first quarter of $1.321 million ($0.006 per share), an advancement from the net loss for the same period of 2022 ($1.612 million or $0.010 per share).

- The Company entered into a Power Purchase Agreement ("PPA") for its Penouta Project. The PPA provides for the supply of 8.5 gigawatts per year of electricity to the Company for five years starting on January 1st, 2023. A significant portion of the power will be from renewable energy sources and is expected to generate substantial cost savings.

- On January 24, 2023, the Company announced that it had closed a transaction (the "Royalty Transaction") whereby Electric Royalties Ltd. (TSXV: ELEC) (OTCQB: ELECF) ("Electric Royalties") acquired a 0.75 percent gross revenue royalty on the production of the Penouta Project in exchange for a cash payment of CA$1,000,000 and the issuance of 500,000 common shares in the capital of Electric Royalties to the Company. Electric Royalties has the option to acquire an additional 0.75% royalty at the Penouta Project in consideration of a further cash payment of CA$1,250,000 until August 24, 2023. The royalty rates will be reduced to 0.5 percent respectively once CA$1,670,000 in royalty revenues have been paid to Electric Royalties.

- Subsequent to March 31, 2023, the Company entered into a cassiterite offtake agreement for the remainder of 2023 with Traxys Europe S.A. ("Traxys"), a global leading merchant in the critical minerals space, which includes an advance payment facility that showcases Traxys' confidence in the Company and provides the working capital required to ramp up production and further improve recoveries. Traxys has been a client of the Company for four years.

SELECTED FINANCIAL INFORMATION

Operating information	Q1 2023	Q1 2022
Mill feed (thousand tonnes)	147	85
Cassiterite concentrate production (tonnes)	98	40
Tantalite and columbite concentrate production (tonnes)	23	7
Total concentrate production (tonnes)	**121**	**47**
Cassiterite concentrate sold (tonnes)	105	42
Tantalite and columbite concentrate sold (tonnes)	29	5
Total sales (tonnes)	**134**	**47**
Grade Tin (%)	69.5	68.9
Grade Ta2O5 (%)	20.6	16.7
Grade Nb2O5 (%)	22.8	19.4
Financial data ($ thousands, except per share amounts)		
Revenue	**2,902**	**1,084**
Changes in inventories of finished goods & work in progress	(126)	81
Raw materials and consumables used	(459)	(209)
Supplies	(1,105)	(277)
Profit before expenses and other	**1,212**	**679**
Total operating expenses	(3,131)	(2,411)
Adjusted EBITDA [1]	**(1,054)**	**(1,297)**
Gain on sale of assets	529	-
Total other income (expense)	130	120
Net loss	(1,321)	(1,612)
Net loss per share - Basic and diluted	(0.006)	(0.007)
Balance sheet ($ thousands)	*Mar 31, 2023*	*Dec 31, 2022*
Cash and cash equivalents and cash in trust	1,781	899
Total assets	29,939	29,230
Total non-current liabilities	4,840	5,050

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

BUSINESS DESCRIPTION

Strategic Minerals Europe Corp. ("Strategic Minerals" or the "Company") 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 traded on the FSE open market under the symbol "26K0" and on the OTCQB marketplace under the symbol "SNTAF."

The Company, through its ownership of Strategic Minerals Spain, S.L. ("SMS"), is engaged in the production, development and exploration of properties with tin, tantalum, niobium and other minerals content, and holds 100% of the mining rights to the Penuota Project, located in the northwestern Spanish province of Ourense, and a 30% interest in the Lithium Project, located in the Galicia Region of northwestern Spain, through its 30% shareholding in a Spanish subsidiary of ILI.

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, consisting of 16 mining squares with an area of 155.8 hectares (the “Concession C Grant”), 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.

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

SIGNIFICANT TRANSACTIONS

Royalty Transaction

On January 24, 2023, the Company closed the Royalty Transaction with Electric Royalties, which acquired a 0.75 percent gross revenue royalty on the production of the Penouta Project in exchange for a cash payment of CA$1,000,000 and the issuance of 500,000 common shares in the capital of Electric Royalties to the Company.

The common shares received in the capital of Electric Royalties were recorded as investments at fair value determined using Electric Royalties’ closing share price of CA$0.35 on January 24, 2023 and are subject to a 4 month hold period in addition to customary trading restrictions imposed under applicable securities laws.

Electric Royalties has the option to acquire an additional 0.75% royalty at the Penouta Project in consideration of a further cash payment of CA$1,250,000 until August 24, 2023. The royalty rates will be reduced to 0.5 percent respectively once CA$1,670,000 in royalty revenues have been paid.

Power Purchase Agreement

The Company entered into a power purchase agreement with Enerxia Galega Mais, S.L. for the Penouta Project, pursuant to which 8.5 gigawatts of electricity will be supplied to the Company for five (5) years starting on January 1, 2023. A significant portion of the power will be from renewable energy sources and management expects to generate substantial cost savings during the duration of the PPA.

Lithium Project

On December 28, 2022, the Company entered into the Option Agreement pursuant to which IberAmerican Lithium Inc. (“ILI”) acquired a 70% interest in the Alberta II investigation permit and the Carlota application permit (together, the “Lithium Project”) as described in the Company’s MD&A for the year ended December 31, 2022 and in its Annual Information Form dated March 30, 2023, both of which are available on the Company’s website and on www.sedar.com. On February 15, 2023, the Company received $0.738 million as payment of the non-interest bearing promissory note pursuant to the Option Agreement.

Ancillary Share Issuances

On February 15, 2023, the Company issued 163,625 common shares at a price of CA$0.05 per share in satisfaction of interest payments of $8,181 to certain holders of the convertible debentures issued in October 2022.

On February 24, 2023, the Company issued 272,727 common shares to a consultant for services rendered at a price of $0.11 per share.

On March 9, 2023, the Company issued to Hybrid Financial Ltd. (“Hybrid”) 1,017,000 common shares at a price of $0.09 per share in satisfaction of certain amounts owing to Hybrid.

OUTLOOK

The Company is focused on improving its operations by increasing production in order to reduce unit costs, reinvesting profits to achieve organic and sustainable growth, and looking for new external financing opportunities.

The Company described the two phases of its strategic plan in the Company’s MD&A for the year ended December 31, 2022 and in its Annual Information Form dated March 30, 2023, both of which are available on the Company’s website and on www.sedar.com. The following are the most significant developments during the first quarter of 2023:

Phase 1: Development of the Penouta Project

- The Company continued to secure financing for working capital and improvement of the capacity production at the plant, including the Royalty Transaction described in the Significant Transactions section and the Term Loan (as defined herein) with the Related Parties (as defined herein) described in the Subsequent Events section of this MD&A.

- To avoid future mechanical breakdowns and stoppages of its mining operations due to the malfunctioning of the main mill at the Penouta Project, the Company undertook a major overhaul of its main ball mill in February 2023, which was completed in March 2023. The expected result is an increase in production by reducing maintenance downtime.
- The Company has continued to work on its mine development plan by carrying out the necessary stripping to get access to the higher mineralization areas.

Phase 2: Expand exploration work on the Lithium Project

On February 15, 2023, the Company received the payment of the non-interest bearing promissory note of $738,300 related to the Lithium Project. Progress with respect to advancing the transfer of the permits is being made within the Spanish Mining authorities.

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 Project 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) Mineral Resources are reported at an open pit cut-off grade of 60 ppm Ta2O5Eq and have been depleted below a topographic survey dated January 2013, which represents the position at closure of historical open pit mining at Penouta in 1983.

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.

Since reporting of the SRK 2021 Mineral Resource, and as of the date of this document, SMS has mined a total of 1,076,118 tonnes and has not replaced any of those resources with additional drilling reported through an MRE.

As of the date of this MD&A, SRK has been engaged to assist the Company with additional metallurgical processing study, targeted towards optimising the current processing flowsheet for full extents of the Mineral Resource.

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.

RESULTS OF OPERATIONS AND OVERALL PERFORMANCE

Production and Sales

Production and sales	**Q1 2023**	**Q1 2022**
Mill feed (thousand tonnes)	147	85
Cassiterite concentrate		
Production (tonnes)	98	40
Sales (tonnes)	105	42
Grade Tin (%)	69.5	68.9
Tantalite and columbite concentrate		
Production (tonnes)	23	7
Sales (tonnes)	29	5
Grade Ta2O5 (%)	20.6	16.7
Grade Nb2O5 (%)	22.8	19.4
Total Revenue ($ thousands)	2,902	1,084

Production for the first quarter of 2023 reached 121 tonnes, an increase of 157% from the same period of 2022 (47 tonnes), when the primary crushing plant was being commissioned and permits for blasting were granted only two weeks before the end of the first quarter of 2022.

Quality of concentrate improved as production during the first quarter consisted of 98 tonnes of cassiterite concentrate with 69.5% tin content (40 tonnes with 68.9% tin concentrate in 2022), and 23 tonnes of tantalite/columbite concentrate with 20.6% tantalite content and 22.8% columbite content (7 tonnes with 16.7% tantalite and 19.4% columbite content the year before).

Sales during the first quarter reached 134 tonnes of concentrates and 86 tonnes of contained minerals, an increase of 185% and 179% respectively over the same period of 2022. Contained minerals sales breakdown was 73 tonnes of contained cassiterite (cassiterite concentrate multiplied by tin grade percentage) and 13 tonnes of contained tantalite and columbite (tantalite and columbite concentrate multiplied by the corresponding grade percentage). Cassiterite contributed 78% of the mix of sales for the first quarter.

International prices of metals decreased during the year as a consequence of, among other things: (i) intensified fears of a global recession which affected demand; (ii) inflation pressure driving tighter monetary policies on the main economies; and (iii) the continuation of the military conflict between Russia and Ukraine. The international price of tin has not been exempted and reached the lowest level of the last two years at the end of October 2022. As of the date of this MD&A, the international price of tin has increased by approximately 29% from the price at the end of October. International prices of tantalum concentrate finished the year approximately 12% above the price at the beginning of the year, after an upward trend during the first half and a return during the second half of the year.

During the first quarter of 2023, international prices of tin remained at the same level as the start of the year and despite an increase in prices by the end of January, prices returned to the levels of the beginning of the period during February and March. International prices of tantalum concentrate remained stable during the first quarter.

Revenues for the first quarter of 2023 totaled $2.902 million, an increase of 168% from the same period of 2022 due to the higher volume of sales year over year.

Operating results

($ thousands)	**Q1 2023**	**Q1 2022**
Revenue	2,902	1,084
Profit before expenses and other	*1,212*	*679*
Depreciation and amortization expense	(470)	(400)
Employee expenses	(752)	(591)
Share-based payments	(248)	(19)
Other operating expenses	(1,661)	(1,401)
Results from operations before other expenses	*(1,919)*	*(1,732)*
Adjusted EBITDA [1]	***(1,054)***	***(1,297)***

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

During the first quarter of 2023, the Company performed the previously announced major overhaul of the main ball mill according to schedule. The Company organized major assembly and repair teams to efficiently coordinate the activities to be done during the 21 days in which the plant was stopped. The main goal of these activities was to prevent malfunctioning of the main mill and mechanical breakdowns affecting the operations. In addition to this, spare parts of critical equipment have been acquired to minimize downtime in the plant, especially those wear parts with lengthy delivery times.

Profit before expenses and other reached $1.211 million or 41.7% as a percentage of sales for the first three months of the year, an increase of 78% from 2022 ($0.680 million or 62.7% as a percentage of sales) driven by the increase in production and corresponding higher sales during the quarter, offsetting the increase in the cost of supplies.

The growth in production has required the support of additional employees. The average headcount for the first quarter of 2023 was 73 (54 for the same period of 2022). Adding 19 employees with higher qualifications and salaries, including operators, maintenance crew and technicians resulted in employee expenses of $0.752 million, an increase of $0.161 million or 27% from the first quarter of 2022 ($0.591 million).

Mill feed reached 146,580 tonnes during the first quarter of 2023, an increase of 73% from the same period of 2022 (84,989 tonnes). Consumption of diesel during the first quarter increased 17.5% from the same period of 2022 to support the increase in production. Cost of diesel increased 4.3% to $1.04/l in the first quarter of 2023 from the average $0.998/l in the first quarter of 2022.
As mentioned, the Company entered into a PPA for the supply of 8.5 gigawatts per year of electricity for five years starting on January 1st, 2023. The average cost of electricity for the first quarter of 2023

was $0.186/KW, a decreased of 42.2% from the average of the same period of 2022 ($0.322/KW) mainly due to the decrease of prices in the electricity market, compensating the increase in consumption required to support the higher production.

"Other Services" growth was driven by the incorporation of meal services to employees not provided the year before and the increase in security and safety services at the mine. The increase in "Repairs and Maintenance" for the first quarter is due to the major maintenance performed during the quarter.

The details regarding these expenses can be found in the table below:

Other Operating Expenses ($ thousands)	Q1 2023	Q1 2022	Variance	%Var.
Leases	111	146	(35)	-24%
Royalties	17	-	17	100%
Repairs and Maintenance	202	64	138	216%
Professional services	578	468	110	24%
Transportation	13	0	13	100%
Insurance premiums	12	16	(4)	-25%
Banking and similar services	21	4	17	425%
Advertising, publicity and public relations	7	6	1	17%
Supplies (electricity / diesel)	570	617	(47)	-8%
Admin & Insurance	7	7	-	0%
Other Services	109	69	40	58%
Other Taxes	13	4	9	225%
Total Other Operating Expenses	**1,661**	**1,401**	**260**	**19%**

STOCK OPTIONS

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

The stock option fair value of $0.019 million was determined using a Black-Scholes pricing model which included an expected volatility of 120% based on the volatility of comparable companies, a risk-free interest rate of 1.68%, share price of CA$0.29, an estimated life of 5 years and a dividend yield of 0%.

On January 16, 2023, the Company granted a total of 5,695,000 stock options to certain directors, executive officers, management and consultants, exercisable at CA$0.085 per share and expiring on January 23, 2028. The options have a five-year term and vested immediately.

The stock option fair value of $0.248 million was determined using a Black-Scholes pricing model which included an expected volatility of 110% based on the volatility of comparable companies, a risk-free interest rate of 2.95%, share price of CA$0.075, an estimated life of 5 years and a dividend yield of 0%.

As of the date of this MD&A, the following options were outstanding and exercisable with an average remaining life of 3.94 years:

Grant Date	Vesting Date	Expiry Date	Exercise Price (CA$)	Stock Options Outstanding
7-Dec-21	7-Dec-21	7-Dec-26	0.25	13,215,000
7-Dec-21	7-Dec-21	7-Dec-23	0.25	500,000
20-Jan-22	20-Jan-22	20-Jan-27	0.27	100,000
16-Jan-23	16-Jan-23	16-Jan-28	0.085	5,695,000
			Total	**19,510,000**

SOCIALLY RESPONSIBLE, SUSTAINABLE AND SCALABLE

The Company has established an environmental policy (the "Environmental Policy") based on its responsibility to protect and rehabilitate the environment in areas where the Company has conducted exploration and development work. The Company's primary objective is to prevent environmental damage and protect and rehabilitate the environment in the areas affected by its mining activities, by applying preventative measures at the Penouta Project to minimize its environmental impact as much as possible, reducing the impact that it would have in the surrounding area using protective and corrective measures.

The Environmental Policy is described in the Company's MD&A for the year ended December 31, 2022 and in its Annual Information Form dated March 30, 2023, both of which are available on the Company's website and on www.sedar.com.

During the first quarter of 2023, the Company initiated a project to install a water filtering press which management believes will result in a dry slurry, which management expects will improve recirculation and decrease consumption of fresh water.

SUMMARY OF QUARTERLY RESULTS

	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operating information								
Mill feed (thousand tonnes)	147	156	226	214	85	57	158	149
Cassiterite concentrate production (tonnes)	98	87	174	153	41	25	131	80
Tantalite and columbite concentrate production (tonnes)	23	18	32	28	8	8	44	27
Total concentrate production (tonnes)	*121*	*105*	*206*	*181*	*49*	*33*	*175*	*107*
Cassiterite concentrate sold (tonnes)	105	100	161	141	41	42	121	80
Tantalite and columbite concentrate sold (tonnes)	29	21	30	24	5	22	34	28
Total sales (tonnes)	*134*	*121*	*191*	*165*	*46*	*64*	*155*	*108*
Grade Tin (%)	69.5	69.9	70.5	71.2	68.9	68.2	68.0	63.7
Grade Ta2O5 (%)	20.6	24.3	24.3	23.0	16.7	19.9	16.4	15.5
Grade Nb2O5 (%)	22.8	25.3	25.2	25.0	19.4	20.4	16.9	16.7
Financials ($ thousands, except per share amounts)								
Revenue	**2,902**	**2,200**	**3,687**	**4,688**	**1,084**	**1,391**	**4,155**	**1,700**
Changes in inventories of finished goods & work in progress	(126)	64	606	(25)	81	(77)	204	(152)
Raw materials and consumables used	(459)	(313)	(291)	(575)	(209)	(221)	(222)	(168)
Supplies	(1,105)	(1,215)	(966)	(930)	(277)	(202)	(235)	(246)
Profit before expenses and other	*1,212*	*736*	*3,036*	*3,158*	*679*	*891*	*3,902*	*1,134*
Depreciation and amortization expense	(470)	(474)	(530)	(321)	(400)	(429)	(436)	(428)
Employee expenses	(752)	(680)	(617)	(614)	(591)	(400)	(460)	(424)
Share-based payments	(248)	-	-	-	(19)	(1,305)	-	-
Other operating expenses	(1,661)	(1,363)	(1,741)	(1,433)	(1,401)	(1,397)	(1,039)	(571)
Operating expenses	*(3,131)*	*(2,517)*	*(2,888)*	*(2,368)*	*(2,411)*	*(3,531)*	*(1,935)*	*(1,423)*
Adjusted EBITDA [1]	***(1,053)***	***(1,234)***	***746***	***1,207***	***(1,297)***	***(954)***	***2,382***	***345***
Finance income	137	(0)	3	39	136	(37)	43	6
Finance costs	(147)	(75)	(44)	(112)	(32)	(58)	(17)	(100)
RTO Transaction cost	-	-	-	-	-	(836)	-	-
Gain on sale of assets	529	691	-	-	-	-	-	-
Gain on retained investment in associate	-	296	-	-	-	-	-	-
Gain on settlement of debt	8	-	-	-	-	-	-	-
Change in fair value of investment	(15)	-	-	-	-	-	-	-
Other income (expense)	148	73	68	96	16	(47)	(21)	207
Total other income (expense)	*660*	*985*	*27*	*23*	*120*	*(978)*	*5*	*113*
Income tax expense	(62)	-	-	-	-	-	-	-
Net income (loss)	(1,321)	(796)	175	813	(1,612)	(3,619)	1,972	(177)
Net Income (loss) per share - Basic and diluted	(0.006)	(0.003)	0.001	0.003	(0.007)	(0.016)	0.009	(0.001)

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

The consistent improvement in the operations is the result of the transition to open pit mining at the Penouta Project and the setup of the primary crushing plant during the first quarter of 2022.

Production and quality of concentrate have followed an improving trend during the last eight quarters, despite facing several adverse meteorological conditions during the last few quarters, from atypical rain and drought affecting operations in different quarters.

SUMMARY OF FINANCIAL CONDITION AND LIQUIDITY

($ thousands)	Balances as at,	
Financial Position as at,	Mar 31, 2022	Dec 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	781	899
Cash in trust	1,000	-
Trade and other receivables	993	854
Promissory note	-	738
Inventories	839	934
Other current assets	70	56
Total current assets	**3,683**	**3,481**
Non-current assets:		
Property, plant and equipment	23,422	23,409
Deferred tax assets	-	-
Investment in associate	633	633
Investment, at fair value	115	-
Guarantee and other deposits	1,920	1,532
Right-of-use assets	166	175
Total assets	**29,939**	**29,230**
Liabilities and shareholders' equity		
Current liabilities:		
Trade and other payables	4,988	4,334
Amount due to related party	1,000	-
Current portion of long-term liabilities	1,131	1,099
Total current liabilities	**7,119**	**5,433**
Non-current liabilities:		
Long-term liabilities	2,862	3,121
Decommissioning liabilities	1,977	1,929
Total liabilities	**11,958**	**10,483**
Shareholders' equity:		
Share capital	40,920	40,829
Contributed surplus	4,459	4,211
Accumulated other comprehensive loss	(4,249)	(4,465)
Deficit	(23,150)	(21,828)
Total shareholders' equity	**17,980**	**18,747**
Total liabilities and shareholders' equity	**29,939**	**29,230**

As at March 31, 2023, the Company had a deficiency in working capital of $3.435 million, compared to a deficiency of $1.952 million at the end of 2022.

During the first quarter, the Company obtained the required funds to further its plans to continue the necessary stripping to get access to higher mineralization areas.

Key components of working capital include:

- Cash and cash equivalents and cash in trust as at March 31, 2023 of $1.781 million, up from $0.899 million at the end of 2022. At the end of the period the Company received a $1.0 million advance pursuant to the Term Loan (as defined herein) with the Related Parties (as defined herein) described in the Subsequent Events section of this MD&A.

- Trade and other accounts receivable of $0.993 million at the end of the period, an increase from the $0.854 million at December 31, 2022. Trade receivables increased to $0.233 million from $0.121 million at the end of 2022, consistently with the increased sales. Other account receivables include taxes (VAT) of $0.760 million ($0.732 million as at December 31, 2022).

- The Company received payment in full of the $0.738 million from the non-interest bearing promissory note from ILI in consideration for the Option Agreement.

- Value of inventories as at March 31, 2023 was $0.839 million, slightly below the $0.934 million at the end of 2022 due to a decrease in finished goods, containing concentrate of tin and tantalum in the amount of $0.172 million and $0.141 million, respectively (December 31, 2022 - $0.406 million and $0.161 million) valued at cost in addition to higher materials and supplies inventory in the amount of $0.527 million compared to $0.367 million on December 31, 2022.

- Trade accounts payable as at March 31, 2023 increased to $4.988 million from $4.334 million as at December 31, 2022 as a result of the increased payment terms (from 30 to 60 days) the Company was able to negotiate with its main suppliers, and the balance of the agreement made during 2020 with suppliers holding balances above €15,000 (approximately $16,013) for payment deferrals, which are being paid in 19 quarterly installments, ending in 2025.

Operating activities

Net cash used in operating activities during the first quarter of 2023 amounted to $0.051 million, compared to a requirement of $0.708 million in the same period of 2022. Funds were used to pay an installment of the financial guarantee required in connection with the exploitation concession underlying the Concession C Grant.

Investing activities

The source of funds of $0.739 million in the investment activities relate to the Royalty Transaction described in the Significant Transactions section of the MD&A. Net cash from investing activities for the first quarter of 2023 was $0.351 million.

Financing activities

The Company has continued to fulfill its financial commitments, which include the: i) repayment of existing loans in the amount of $0.408 million; and ii) payment of the principal amount of leases equal to $0.023 million. Net cash required for financing activities totalled $0.431 million during the first quarter of 2023.

As at March 31, 2023, all financial liabilities are related to operations and the Company does not foresee liquidity problems to maintain operations, fulfill its financial commitments or to continue with its long-term plan. The following table summarizes the Company's payments due from contractual obligations for the following years.

Contractual Obligation ($ thousands - undiscounted)	1 year	1-3 years	More than 3 years	Total
Bank loans	1,002	1,361	-	2,363
Government grants	79	158	158	395
Arrangements with suppliers	379	507	-	886
Lease liabilities	102	247	40	389
Total	**1,562**	**2,273**	**198**	**4,033**

OUTSTANDING SHARE DATA

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

(a) 237,987,185 common shares ("Common Shares").
(b) 37,830,478 warrants exercisable into 37,830,478 Common Shares in aggregate as follows:

Number of warrants	Exercise price	Expiry date
33,070,478	CA$0.40	July 16, 2026
4,760,000	CA$0.25	Oct 13, 2024

(c) 1,190 Convertible Debentures.
(d) 19,510,000 Stock Options to purchase an aggregate of 19,510,000 Common Shares.

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

On February 15, 2023, the Company issued 163,625 common shares in satisfaction of interest payments of $8,181 to certain holders of the convertible debentures pursuant to the Offering (CA$0.05 per share).

On February 27, 2023, the Company issued 272,727 common shares to a consultant for services rendered (CA$0.09 per share).

On March 9, 2023, the Company issued Hybrid 1,017,000 common shares at a price of $0.10 per share in satisfaction of certain amounts owing to Hybrid.

CAPITAL MANAGEMENT

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the quarter ended March 31, 2023.

As of the date of this MD&A, the Company continues to wait for the approval of the requested extension for deposits to be made in March 2023 and April 2023 to the financial institution providing the bank guarantee covering the obligations required for exploitation concession on Section C of the Penouta Project, as further described in the Company’s MD&A for the year ended December 31, 2022.

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

SUBSEQUENT EVENTS

a) Subsequent to March 31, 2023, the Company agreed to enter into a loan agreement (the “Term Loan”) with two officers and shareholders of the Company (together, the “Related Parties”) for an aggregate principal amount of $1.075 million. The Term Loan bears interest a rate of 10% per annum and is set to mature on April 11, 2025. As partial consideration for providing the Term Loan, the Related Parties will be entitled to receive an aggregate of 537,500 common share purchase warrants of the Company.
As at March 31, 2023, an advance of $1.0 million was received in a trust account and was included in the “Amount due to related party” on the condensed interim statements of financial position.

b) Subsequent to the end of the first quarter, the Company entered into a cassiterite offtake agreement with Traxys for the remainder of 2023, which includes an advance payment facility that showcases Traxys’ confidence in the Company and provides the working capital required to ramp up production and further improve recoveries. Traxys has been a client of the Company for four years.

RELATED PARTY TRANSACTIONS

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

The Company leases certain facilities to Sequoia Venture Capital S.L.[1]; as at March 31, 2023 and December 31, 2022 the outstanding balance was $nil. During the first quarter of 2023 a total of $12,299 (2022- $4,489) was recorded as operating expenses.

During the first quarter of 2023, the Company incurred fees of $4,462 (2022 - $nil) from Salamanca Ingenieros S.L., a corporation beneficially owned by a director. As at March 31, 2023 and December 31, 2022 the related party loans amounted to $nil.

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 first quarter of 2023 was:

Key Management Compensation ($ thousands)	Q1 2023	Q1 2022
Management fees	457	80
Director fees	194	84
Share-based compensation	185	-
Total	**836**	**164**

Subsequent to March 31, 2023, the Company agreed to entered into the Term Loan with the Related Parties as further described in "Subsequent Events" in this MD&A.

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, gain on retained investment in associate, gain on sales of assets and "RTO Transaction" costs.

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

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

($ thousands)	Q1 2023	Q1 2022
Net loss	**(1,321)**	**(1,612)**
Finance income	(137)	(136)
Finance costs	147	32
Gain on settlement of debt	(8)	-
Change in fair value of investment	15	-
Income tax expense	62	-
Depreciation and amortization expense	470	400
EBITDA	**(772)**	**(1,316)**
Gain on sale of assets	(529)	-
Share-based payments	248	19
Adjusted EBITDA	**(1,053)**	**(1,297)**

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

($ thousands)	Q1 2023	Q1 2022
Revenue	2,902	1,084
Changes in inventories of finished goods & work in progress	(126)	81
Raw materials and consumables used	(459)	(209)
Supplies	(1,105)	(277)
Other operating expenses	(1,661)	(1,401)
Employee expenses	(752)	(591)
Other income (expense)	148	16
Adjusted EBITDA	**(1,053)**	**(1,297)**
Gain on sale of assets	529	-
Share-based payments	(248)	(19)
EBITDA	**(772)**	**(1,316)**

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 currencies are the Canadian dollar and Euro, and major purchases and sales are transacted in Canadian dollars and Euros. As at March 31, 2023, the Company has a foreign currency balance of $60,788 (December 31, 2022 – balance of $79,906) 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.

CRITICAL ACCOUNTING ESTIMATES

Recently adopted accounting pronouncements

Effective January 1, 2023, the Company adopted the following amendments. These new standards and changes did not have any material impact on the Company’s Financial Statements:

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.

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates.

IAS 12 – In May 2021, the IASB issued ‘Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction’ that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations.

Future changes in accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the periods commencing January 1, 2024 or later and have not been applied in preparing the 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.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

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. Geopolitical tensions and the start of the military conflict between Russia and Ukraine
12. Mining is Inherently Dangerous
13. Operations and Exploration Subject to Governmental Regulations
14. Operation and Exploration Activities are Subject to Environmental and Endangered Species Laws and Regulations
15. Permits and Licenses
16. Additional Costs May Be Incurred by Mineral Property Operators as a Result of International Climate Change Initiatives
17. Community Relations
18. Competition
19. Defects in Title to Mineral Properties
20. Future Litigation Could Affect Title
21. Deficient Third Parties' Reviews, Reports and Projections
22. Directors and Officers May Have Conflicts of Interest
23. Global Financial Conditions May Be Volatile

24. Epidemic and Pandemic Diseases
25. Adequate Infrastructure May Not Be Available to Develop the Penouta Project and Alberta II Project
26. Future Acquisitions and Partnerships
27. Partial Ownership or Joint Venture Agreements
28. Canada Revenue Agency's Recent Focus on Foreign Income Earned by Canadian Companies May Result in Adverse Tax Consequences
29. Anti-Bribery Laws (Such as the Corruption of Foreign Public Officials Act of Canada)
30. The Company Will Be Exposed to Foreign Exchange Risk
31. Equipment, Materials and Skilled Technical Workers
32. Risks Relating to Attracting and Retaining Qualified Management and Technical Personnel
33. Disruption from Non-Governmental Organizations
34. Strategic's Operations Are Subject to Human Error
35. Health & Safety
36. Nature and Climatic Conditions
37. Uninsured or Uninsurable Risks
38. Disruption in Strategic's Activities Due to Acts of God May Adversely Affect Strategic
39. Changes in Technology

The foregoing is not an exhaustive list and readers are encouraged to read a more comprehensive list in the Annual Information Form dated March 30, 2023 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 quarter ended March 31, 2023 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 30, 2023, 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.