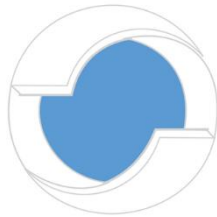


STRATEGIC MINERALS EUROPE CORP.

MANAGEMENT'S DISCUSSION
AND ANALYSIS FOR THE THREE AND NINE
MONTHS ENDED SEPTEMBER 30, 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 November 14, 2023, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto for the quarter ended September 30, 2023 (the "Financial Statements"), which are available on the Company's web site at www.strategicminerals.com and on www.sedarplus.ca. Readers are encouraged to read the Cautionary Note Regarding Forward-Looking Information included on pages 19 and 20 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 15 and 16 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.***

THIRD QUARTER AND FIRST NINE MONTHS 2023 HIGHLIGHTS

Some of the most significant achievements of the Company during the third quarter and first nine months of 2023 are as follows:

- Production during the third quarter of 2023 reached 209 tonnes of primary concentrate, an increase of 1% from the same period of last year. July's production of primary concentrate reached 96 tonnes, the largest volume for a single month. Total production reached 574 tonnes for the first nine months of the year, increasing 32% from the same period of 2022 and surpassing the twelve months production of the year before.
- Quality of concentrate continued to improve. Cassiterite concentrate production in the third quarter reached 174 tonnes with 70.5% tin content and 477 tonnes with 70.0% tin content for the first nine months of the year. Tantalite/columbite concentrate production during the third quarter reached 35 tonnes with 26.1% tantalite content and 26.2% columbite content, and 97 tonnes with 24.1% tantalite content and 25.3% columbite content during the first nine months of the year.
- Sales during the third quarter reached 234 tonnes of concentrates and 158 tonnes of contained minerals, the largest volume for a single quarter in the history of the Company, and an increase of 23% over the same period of 2022 for both figures. Sales for the first nine months of the year reached 600 tonnes of concentrates and 398 tonnes of contained minerals, 49% and 47% higher, respectively, than the year before. Cassiterite contributed 84% of the mix of sales for the third quarter and 82% for the first nine months of 2023.
- The improvement in the plant efficiency, quality, and optimization of recovery factors at the time of a slight increase in the sales price of cassiterite, resulted in revenues for the third quarter of \$4.769 million, an increase of 29% compared to the same period of 2022. During the first nine months of the year, revenues totaled \$12.299 million, an increase of 30% from the same period in 2022, following the increase in production achieved.
- The halt of production during the second half of September due to the unusual drought in Spain, and the continued mine development by carrying out the necessary stripping to get access to the higher mineralization areas, resulted in a net loss during the third quarter of \$0.563 million (loss

of \$0.002 per share), a decrease from the net income of \$0.175 million (\$0.001 per share) in the same period of 2022. Net loss for the first nine months of the year amounted to \$1.876 million (loss of \$0.008 per share) compared to a net loss of \$0.624 million (loss of \$0.003 per share) during the same period of 2022.

- On July 27, 2023, Electric Royalties exercised its option to acquire an additional 0.75% royalty on the production of the Penouta Project in consideration of a cash payment of CA\$1.25 million. Now it holds an aggregated 1.5% gross revenue royalty and will be reduced to 1.25% and 1.0%, respectively, once CA\$1,666,667 and CA\$3,333,334 in royalty revenues have been paid.
- On September 28, 2023, the Company reached an agreement with IberAmerican Lithium Corp (Cboe: IBER) ("IberAmerican") for its 30% interest in the investigation permit N° 5186 and the application for investigation permit N° 5191 related to the Alberta II and Carlota lithium projects, respectively, located in Spain (the "Lithium Project"). IberAmerican acquired the Company's remaining interest for CA\$1 million paid in cash.
- After the end of the reporting period, on October 19, 2023, the Superior Court of Xustiza of Galicia (the "TSXG") decided to provisionally suspend the section C permit for the Company's Penouta Project after a complaint filed against the local mining authority Xunta de Galicia (the "Xunta"), requesting a revocation of the section C permit granted to the Company in May 2022. In the Company's opinion, the claim, and therefore TSXG's decision, is based on inaccurate assertions that exploitation activities at the Penouta Project are affecting irrigation and the immediate area. The Company and the Xunta are exploring all available legal avenues, and on October 23, 2023, the Company presented an appeal to reverse TSXG's decision.

SELECTED FINANCIAL INFORMATION

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Operating information				
Mill feed (thousand tonnes)	293	226	764	525
Cassiterite concentrate production (tonnes)	174	174	477	368
Tantalite and columbite concentrate production (tonnes)	35	32	97	68
Total concentrate production (tonnes)	209	206	574	436
Cassiterite concentrate sold (tonnes)	196	161	494	343
Tantalite and columbite concentrate sold (tonnes)	38	30	106	59
Total sales (tonnes)	234	191	600	402
Grade Tin (%)	70.5	70.5	70.0	70.6
Grade Ta2O5 (%)	26.1	24.3	24.1	22.9
Grade Nb2O5 (%)	26.2	25.2	25.3	24.4
Financial data (\$ thousands, except per share amounts)				
Revenue	4,769	3,687	12,299	9,459
Changes in inventories of finished goods & work in progress	(469)	606	(45)	662
Raw materials and consumables used	(449)	(291)	(1,510)	(1,075)
Supplies	(1,588)	(966)	(4,126)	(2,172)
Profit before expenses and other	2,263	3,036	6,618	6,874
Total operating expenses	(3,240)	(2,888)	(9,460)	(7,667)
Adjusted EBITDA¹	(415)	746	(864)	657
Gain on sale of assets and investment in associate	789	-	1,319	-
Other income (expense)	(300)	27	(216)	170
Net income (loss)	(563)	175	(1,876)	(624)
Net income (loss) per share - Basic and diluted	(0.002)	0.001	(0.008)	(0.003)
Balance sheet (\$ thousands)				
Cash and cash equivalents			Sep 30, 2023	Dec 31, 2022
Total assets			1,045	899
Total non-current liabilities			28,604	29,230
			4,833	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. (operating as Cboe) (the "Exchange") 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 mineral content, and holds 100% of the mining rights to the Penuota Project, located in the northwestern Spanish province of Ourense.

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 Ltd. ("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.

On July 27, 2023, Electric Royalties exercised its option to acquire an additional 0.75% royalty at the

Penouta Project in consideration of a further cash payment of CA\$1,250,000. Electric Royalties now holds an aggregated 1.5% gross revenue royalty on the production of the Penouta Project. The royalty rates will be reduced to 1.25% and 1.0%, respectively, once CA\$1,666,667 and CA\$3,333,334 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 (formerly IberAmerican Lithium Inc. or "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.sedarplus.ca. On February 15, 2023, the Company received \$0.738 million as payment of the non-interest-bearing promissory note pursuant to the Option Agreement.

On September 28, 2023, the Company reached an agreement pursuant to which IberAmerican acquired the Company's 30% interest in the Lithium Project as consideration for the payment in cash of CA\$1 million.

Promissory Notes

On April 11, 2023, the Company's subsidiary, SMS, issued promissory notes (the "Notes") to Jaime Perez Branger and Miguel de la Campa, both directors or officers of the Company (together, the "Related Parties") for \$1.075 million. The Notes bear interest at a rate of 10% per annum and are set to mature on April 11, 2025. The Company paid legal fees of \$16,627 in cash. As partial consideration for providing the Notes, the Related Parties received an aggregate of 537,500 common share purchase warrants of the Company (each, a "2026 Warrant"). The Notes are to be secured by a second ranking charge and security interest in, to and over all of the securities and other equity interests held by SMEI in SMS.

Each 2026 Warrant entitles the holder thereof to purchase one common share at a price of CA\$0.06 per share until April 11, 2026. The fair value of the Notes on initial recognition was determined to be \$1,041,700. The fair value of the 2026 Warrants was determined using the Black-Scholes pricing model which included an expected volatility of 75.06% based on the volatility of comparable companies, a risk-free interest rate of 3.96%, share price of CA\$0.075, an estimated life of 2.87 years and a dividend yield of 0%.

Ancillary Share Issuances

On February 15, 2023, and June 30, 2023, the Company issued 163,625 and 328,331 common shares in satisfaction of interest payments of \$6,101 and \$18,599, respectively, to certain holders of the convertible debentures pursuant to a previous offering of convertible debenture units of the Company

on September 26, 2022, at the volume-weighted average trading price for the ten days preceding the interest payment date (CA\$0.05 and CA\$0.075 per share respectively).

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

On March 9, 2023, the Company issued to Hybrid Financial Ltd. (“Hybrid”) 1,017,000 common shares at a price of CA\$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.sedarplus.ca. The following are the most significant developments during the third quarter of 2023:

Phase 1: Development of the Penouta Project

- The Company continued to strengthen its balance sheet through the sale of its 30% interest in the Lithium Project for CA\$1 million.
- After the major overhaul of the main ball mill performed between mid-February and early March 2023, the Company has continued to work on improvements to the operation to increase recovery and throughput, and to optimize energy consumption, resulting in a significant increase in production. July’s production reached the largest volume for a single month in the history of the Company.
- Production halted from September 18 to October 2 of 2023 due to the low levels of water in Spain caused by an unusual drought affecting the country. The Company is investing €0.9 million in new equipment to improve water recirculation and decrease freshwater consumption. It is expected to be ready at the beginning of next year. With this investment, the Company will prevent production interruption in case of future droughts.
- 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: Transfer of exploration work on the Lithium Project

The Company continues to work with the Spanish Mining authorities with respect to advancing the transfer of the permits related to the Lithium Project as described and adjusted in the section Lithium Project described above, 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.sedarplus.ca.

RESULTS OF OPERATIONS AND OVERALL PERFORMANCE

Production and Sales

Production and sales	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Mill feed (thousand tonnes)	293	226	764	525
Cassiterite concentrate				
Production (tonnes)	174	174	477	368
Sales (tonnes)	196	161	494	343
Grade Tin (%)	70.5	70.5	70.0	70.6
Tantalite and columbite concentrate				
Production (tonnes)	35	32	97	68
Sales (tonnes)	38	30	106	59
Grade Ta2O5 (%)	26.1	24.3	24.1	22.9
Grade Nb2O5 (%)	26.2	25.2	25.3	24.4
Total Revenue (\$ thousands)	4,769	3,687	12,299	9,459

Production rates continued to improve. July's production of primary concentrate reached the largest volume for a single month, despite production halted on September 18 due to the unusual drought affecting Spain, reducing water availability. Production for the third quarter of 2023 reached 209 tonnes, an increase of 1% from the same period of 2022 (206 tonnes). During the first nine months of the year, production reached 574 tonnes, or 32% more compared to the same period of the year before (436 tonnes.)

Quality of concentrate improved during the third quarter. Production during the third quarter consisted of 174 tonnes of cassiterite concentrate with 70.5% tin content (with no change from the same period in 2022), and 38 tonnes of tantalite/columbite concentrate with 26.1% tantalite content and 26.2% columbite content (30 tonnes with 24.3% tantalite and 25.2% columbite content the year before).

Sales during the third quarter reached 234 tonnes of concentrates and 158 tonnes of contained minerals, an increase of 23% for both figures over the same period of 2022. During the first nine months of the year, sales of concentrates amounted to 600 tonnes and sales of contained minerals reached 398 tonnes, increasing 49% and 47%, respectively, from the same period of the year before.

Breakdown of sales by contained minerals was 138 tonnes for the third quarter and 346 tonnes for the first nine months of 2023 of contained cassiterite and 20 tonnes for the third quarter and 52 tonnes for the first nine months of contained tantalite and columbite. Cassiterite contributed 84% of the mix of sales for the third quarter and 82% for the first nine months of the year.

The international prices per tonne of tin during the third quarter increased 14% compared to the same period of the year before, from \$23,333 to \$26,696. The prices per pound of tantalite decreased 10% from \$81 to \$73 from the third quarter of 2022 to the same period this year.

Revenues for the third quarter totalled \$4.769 million, an increase of 29% compared to the same period of 2022 consistent with the increase in production and improved quality. During the first nine months of the year, revenues reached \$12.299 million, an increase of 30% from the same period of 2022 in terms of dollars and 49% in terms of tonnes.

Operating results

(\$ thousands)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue	4,769	3,687	12,299	9,459
<i>Profit before expenses and other</i>	<i>2,263</i>	<i>3,036</i>	<i>6,618</i>	<i>6,874</i>
Depreciation and amortization expense	(525)	(530)	(1,484)	(1,251)
Employee expenses	(894)	(617)	(2,534)	(1,822)
Share-based payments	(11)	-	(259)	(19)
Other operating expenses	(1,810)	(1,741)	(5,184)	(4,575)
<i>Results from operations before other expenses</i>	<i>(977)</i>	<i>148</i>	<i>(2,843)</i>	<i>(793)</i>
Adjusted EBITDA ¹	(415)	746	(864)	657

¹ See “Non-IFRS Measures” for full detail on Adjusted EBITDA

Production rates have become more efficient, increasing the availability of the equipment and the tonnes produced by hour, as well as the optimization of the recovery factors. July’s production of primary concentrate reached 96 tonnes, the largest volume for a single month since the start of operations.

Profit before expenses and other reached \$2.263 million or 47.5% as a percentage of sales for the third quarter, a decrease from the same period of 2022 (\$3.036 million or 82.4% as a percentage of sales). For the first nine months of the year, profit before expenses and other reached \$6.618 million or 53.8% as a percentage of sales, a decrease of 4% from the same period of last year mainly due to the additional cost of continued stripping work on the mine to get access to the higher mineralization areas and the necessary equipment and installation investments.

Higher employee expenses during the third quarter follow the requirement of additional employees to support the increase in production. The average headcount for the third quarter of 2023 was 80 (67 for the same period of 2022). Employee expenses totalled \$0.894 million, an increase of 45% from the third quarter of 2022 (\$0.617 million). Total employee expenses for the first nine months of the year amounted \$2.533 million, an increase of 39% from the same period of 2022 (\$1.822 million.)

Mill feed reached 292,676 tonnes during the third quarter, an increase of 30% from the same period of 2022 (225,677 tonnes). Efficient diesel consumption resulted in lower consumption of litres per tonne, at the time where prices decreased by 6.6%, from \$1.01/l in the third quarter of 2022 to \$0.94/l during the same period of this year.

The average cost of electricity for the third quarter of 2023 was \$0.210/KW, a decrease of 39.7% from the average of the same period of 2022 (\$0.348/KW) mainly due to the decrease of prices in the electricity market, compensating the increase in consumption required to support the higher production.

The increase in “Repairs and Maintenance” for the third quarter of the year (\$0.289 million) compared to the same period of 2022 (\$0.226 million) is due to the continued maintenance to the plant supporting the efficiency in production. The increase for the first nine months of the year (\$0.688 million) from the same period the year before (\$0.466 million) is due to the major maintenance performed during the first quarter which successfully resulted in the stabilization of production rates, increased availability of the equipment and tonnes produced by hour.

The details regarding these expenses can be found in the following tables for the third quarter and first nine months of the year respectively:

Other Operating Expenses (\$ thousands)	Q3 2023	Q3 2022	Variance	%Var.
Leases	99	90	9	10%
Royalties	63	-	63	100%
Repairs and Maintenance	289	227	62	27%
Professional services	449	476	(27)	-6%
Transportation	1	3	(2)	-67%
Insurance premiums	16	16	-	0%
Banking and similar services	20	62	(42)	-68%
Advertising, publicity and public relations	13	14	(1)	-7%
Supplies (electricity / diesel)	704	755	(51)	-7%
Admin & Insurance	35	2	33	1650%
Other Services	115	89	26	29%
Other Taxes	6	7	(1)	-14%
Total Other Operating Expenses	1,810	1,741	70	4%

Other Operating Expenses (\$ thousands)	YTD 2023	YTD 2022	Variance	%Var.
Leases	282	321	(39)	-12%
Royalties	115	-	115	100%
Repairs and Maintenance	688	467	221	47%
Professional services	1,443	1,383	60	4%
Transportation	14	3	11	367%
Insurance premiums	45	38	7	18%
Banking and similar services	71	72	(1)	-1%
Advertising, publicity and public relations	24	31	(7)	-23%
Supplies (electricity / diesel)	2,022	1,896	126	7%
Admin & Insurance	55	25	30	120%
Other Services	371	322	49	15%
Other Taxes	54	17	37	218%
Total Other Operating Expenses	5,184	4,575	609	13%

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 after five 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 five 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 five years and a dividend yield of 0%.

On September 11, 2023, the Company granted a total of 600,000 stock options to a director of the Company at CA\$0.035 per share and expiring on September 11, 2028. The options have a five-year term and vested immediately

As of the date of this MD&A, the following options were outstanding and exercisable with an average remaining life of 3.48 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
11-Sep-23	11-Sep-23	11-Sep-28	0.035	600,000
Total				20,110,000

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.sedarplus.ca.

On June 5, 2023, the Company’s staff joined the commemoration of the World Environment Day by attending a conference on the Company’s contribution to the Sustainable Development Goals (SDGs) of the United Nations, such as the restoration of 1.5 hectares of land at the Balsa de la Abeja, where a total of 180 trees have been planted (90 chestnut, 25 birch, 25 oak, 20 hazel and 20 rowan). The participants were given an ecological planting kit with the motto “Let’s all take care of the environment. One Earth. All your good deeds are a seed that sooner or later will bear fruit.”

The operation of the deposit I started in September 2023. It is the first deposit of mine tailings from the section C of the Penouta Project. The deposit was completed and environmental restoration has been started by seeding the slopes of the deposit in a total approximated area of two hectares.

SUMMARY OF QUARTERLY RESULTS

	2023				2022			2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Operating information								
Mill feed (thousand tonnes)	293	325	147	156	226	214	85	57
Cassiterite concentrate production (tonnes)	174	206	98	87	174	153	41	25
Tantalite and columbite concentrate production (tonnes)	35	40	23	18	32	28	8	8
<i>Total concentrate production (tonnes)</i>	<i>209</i>	<i>246</i>	<i>121</i>	<i>105</i>	<i>206</i>	<i>181</i>	<i>49</i>	<i>33</i>
Cassiterite concentrate sold (tonnes)	196	193	105	100	161	141	41	42
Tantalite and columbite concentrate sold (tonnes)	38	38	29	21	30	24	5	22
<i>Total sales (tonnes)</i>	<i>234</i>	<i>231</i>	<i>134</i>	<i>121</i>	<i>191</i>	<i>165</i>	<i>46</i>	<i>64</i>
Grade Tin (%)	70.5	69.7	69.5	69.9	70.5	71.2	68.9	68.2
Grade Ta2O5 (%)	26.1	24.7	20.6	24.3	24.3	23.0	16.7	19.9
Grade Nb2O5 (%)	26.2	26.4	22.8	25.3	25.2	25.0	19.4	20.4
Financials (\$ thousands, except per share amounts)								
Revenue	4,769	4,628	2,902	2,200	3,687	4,688	1,084	1,391
Changes in inventories of finished goods & work in progress	(469)	551	(126)	64	606	(26)	81	(77)
Raw materials and consumables used	(449)	(603)	(459)	(313)	(291)	(574)	(209)	(221)
Supplies	(1,588)	(1,433)	(1,105)	(1,215)	(966)	(930)	(276)	(202)
<i>Profit before expenses and other</i>	<i>2,263</i>	<i>3,143</i>	<i>1,212</i>	<i>736</i>	<i>3,036</i>	<i>3,158</i>	<i>680</i>	<i>891</i>
Depreciation and amortization expense	(525)	(489)	(470)	(474)	(530)	(321)	(400)	(429)
Employee expenses	(894)	(887)	(752)	(680)	(617)	(614)	(591)	(400)
Share-based payments	(11)	-	(248)	-	-	-	(19)	(1,305)
Other operating expenses	(1,810)	(1,713)	(1,661)	(1,363)	(1,741)	(1,433)	(1,401)	(1,397)
<i>Operating expenses</i>	<i>(3,240)</i>	<i>(3,089)</i>	<i>(3,131)</i>	<i>(2,517)</i>	<i>(2,888)</i>	<i>(2,368)</i>	<i>(2,411)</i>	<i>(3,532)</i>
Adjusted EBITDA ¹	(415)	604	(1,053)	(1,234)	746	1,208	(1,296)	(954)
Finance income	5	4	137	(0)	3	39	136	(37)
Finance costs	(272)	(91)	(147)	(75)	(44)	(112)	(32)	(58)
RTO Transaction cost	-	-	-	-	-	-	-	(836)
Gain on sale of assets and investment in associate	789	-	529	691	-	-	-	-
Gain (loss) from investment in associate	(20)	(22)	-	296	-	-	-	-
Gain on settlement of debt	-	-	8	-	-	-	-	-
Change in fair value of investment	(39)	2	(15)	-	-	-	-	-
Other income (expense)	26	61	148	73	68	96	16	(47)
<i>Total other income (expense)</i>	<i>489</i>	<i>(46)</i>	<i>660</i>	<i>985</i>	<i>27</i>	<i>23</i>	<i>120</i>	<i>(978)</i>
Income tax expense	(75)	(0)	(62)	-	-	-	-	-
Net income (loss)	(563)	8	(1,321)	(796)	175	813	(1,611)	(3,619)
Net Income (loss) per share - Basic and diluted	(0.002)	0.000	(0.006)	(0.003)	0.001	0.003	(0.007)	(0.016)

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

Production and concentrate quality have constantly improved since the transition to open pit mining at the Penouta Project during the first quarter of 2022. Production during the third quarter of 2023 reached 208 tonnes of primary concentrate, and July was the month with the largest production level since the beginning of operations. Production was interrupted on September 18, 2023, due to the unusual drought and lack of rain in Spain during the year's third quarter. If operations continued without interruption, the third quarter's production would have been a new high.

SUMMARY OF FINANCIAL CONDITION AND LIQUIDITY

(\$ thousands) Financial Position as at,	Balances as at,		Variance	%Var.
	Sep 30, 2023	Dec 31, 2022		
Assets				
Current assets:				
Cash and cash equivalents	1,045	899	146	16%
Trade and other receivables	1,785	854	931	109%
Promissory note	-	738	(738)	(100%)
Inventories	875	934	(59)	(6%)
Other current assets	64	56	8	14%
Total current assets	3,769	3,481	288	8%
Non-current assets:				
Property, plant and equipment	22,623	23,409	(786)	(3%)
Investment in associate	-	633	(633)	(100%)
Investment at fair value	78	-	78	100%
Guarantee and other deposits	1,975	1,532	443	29%
Right-of-use assets	160	175	(15)	(9%)
Total assets	28,604	29,230	(626)	(2%)
Liabilities and shareholders' equity				
Current liabilities:				
Trade and other payables	5,007	3,956	1,051	27%
Current portion of long-term liabilities	1,738	1,477	261	18%
Total current liabilities	6,745	5,433	1,312	24%
Non-current liabilities:				
Long-term liabilities	2,884	3,121	(237)	(8%)
Decommissioning liabilities	1,949	1,929	20	1%
Total liabilities	11,578	10,483	1,095	10%
Shareholders' equity:				
Share capital	40,938	40,829	109	0%
Contributed surplus	4,556	4,211	345	8%
Accumulated other comprehensive loss	(4,764)	(4,465)	(299)	7%
Deficit	(23,704)	(21,828)	(1,876)	9%
Total shareholders' equity	17,026	18,747	(1,721)	(9%)
Total liabilities and shareholders' equity	28,604	29,230	(626)	(2%)

As at September 30, 2023, the Company had a deficiency in working capital of \$2.976 million, compared to a deficiency of \$1.952 million at the end of 2022. During the first nine months of the year, working capital has been focused on improving quality, recovery, the performance of the plant, and on the environmental restoration of an approximated area of two hectares.

Key components of working capital include:

- Cash and cash equivalents as at September 30, 2023 of \$1.045 million, an increase from the \$0.899 million at the end of 2022. Cash balance will be mainly used for working capital purposes during the following months.

- Trade and other accounts receivable of \$1.785 million at the end of the period, an increase from the \$0.854 million at December 31, 2022. Consistent with the increase in sales, trade receivables increased to \$0.630 million from \$0.121 million at the end of 2022. Other account receivables include taxes (VAT) of \$1.156 million (\$0.732 million as at December 31, 2022).
- Value of inventories as at September 30, 2023 was \$0.875 million, below the \$0.934 million at the end of 2022 as most of the production was shipped before the end of the reporting period. As production stopped due to the unusual drought, there was a higher materials and supplies inventory in the amount of \$0.834 million compared to \$0.367 million on December 31, 2022.
- Trade accounts payable as at September 30, 2023, increased to \$5.007 million from \$3.956 million as at December 31, 2022, consistently with the production growth and as a result of the extended payment terms the Company was able to negotiate with its main suppliers (from 30 to 60 days), 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 third quarter of 2023 amounted to \$0.123 million for a total of \$1.605 million used in operating activities during the first nine months of the year, which compares to a total of net cash provided from operations of \$0.072 million during the first nine months of 2022.

Investing activities

During the third quarter and the first nine months of the year, \$0.883 million and \$1.670 million, respectively, were provided from investment activities. Investments made relate to additions to the plant equipment and cash received include \$1.687 million regarding the Royalty Transaction, and the \$1.479 million received related to the Lithium Project, both described in the Significant Transactions section of this MD&A.

Financing activities

The Company continued to fulfill its financial commitments, \$0.275 million were used during the third quarter to repay existing loans in the amount of \$0.258 million, and to cover the principal of leases for \$0.017 million. Net cash provided from financing activities totalled \$0.093 million during the first nine months of the year.

As at September 30, 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. Refer to section Subsequent events in this MD&A for updated information regarding operations and 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	771	940	-	1,711
Government grants	77	154	154	385
Convertible debentures - loan	-	880	-	880
Promissory note	537	537	-	1,074
Arrangements with suppliers	365	306	-	671
Lease liabilities	129	236	53	418
Total	1,879	3,053	207	5,139

OUTSTANDING SHARE DATA

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

- (a) 238,315,516 common shares ("Common Shares").
- (b) 38,367,978 warrants exercisable into 38,367,978 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
537,500	CA\$0.06	Apr 11, 2026

- (c) 1,190 Convertible Debentures.
- (d) 20,110,000 Stock Options to purchase an aggregate of 20,110,000 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, and June 30, 2023, the Company issued 163,625 and 328,331 common shares in satisfaction of interest payments of \$6,101 and \$18,599, respectively, to certain holders of the convertible debentures pursuant to a previous private placement offering of convertible debenture units, at the volume-weighted average trading price for the ten days preceding the interest payment date (CA\$0.05 and CA\$0.075 per share respectively).

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 CA\$0.09 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 nine months ended September 30, 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 Exchange.

SUBSEQUENT EVENTS

Spanish Court Decision Regarding the Penouta Project Section C Permit

On October 19, 2023, the TSXG decided to provisionally suspend the section C permit for the Company's Penouta Project after a complaint filed by an environmentalist group known as "Ecoloxistas en Acción" against the Xunta, requesting a revocation of the section C permit granted to the Company in May 2022.

In the Company's opinion, the claim, and therefore TSXG's decision, is based on inaccurate assertions that exploitation activities at the Penouta Project are affecting irrigation and the immediate area. The Company and the Xunta are exploring all available legal avenues to reverse the TSXG's decision, and on October 23, 2023, the Company presented an appeal to reverse TSXG's decision and expedite the reinstatement of the section C permit.

While the Company expects the appeal process to reverse the interim suspension decision by TSXG, there can be no assurance of the ultimate outcome. The ultimate revocation of the section C permit would impact the ability of the Company to continue as a going concern.

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 from Sequoia Venture Capital S.L.¹; as at September 30, 2023 the outstanding balance was \$2,662 (\$nil as at December 31, 2022). During the first nine months of 2023 a total of \$30,569 (2022- \$18,095) was recorded as operating expenses.

During the nine months ended on September 30, 2023, the Company incurred fees of \$13,514 (2022 -

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

\$nil) from Salamanca Ingenieros S.L., a corporation beneficially owned by a director. As at September 30, 2023, and December 31, 2022, the outstanding balance was \$nil.

On April 11, 2023, the Company issued Notes to the Related Parties for an aggregate principal amount of \$1.075 million. As an additional consideration for providing the Notes, the two officers and shareholders received an aggregate of 537,500 2026 Warrants of the Company. As at September 30, 2023, the outstanding balance of the Notes was \$1.007 million (December 31, 2022 - \$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 three and nine months ended September 30, 2023 was:

Key Management Compensation (\$ thousands)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Management fees	132	107	385	340
Director fees	98	81	281	261
Share-based compensation	11	-	196	-
Total	241	188	862	601

Regarding the agreement with IberAmerican for the Company's 30% interest in Lithium Project, Mr. Campbell Becher, a director of the Company, is a director, officer and shareholder of IberAmerican. Mr. Miguel de la Campa, a director of the Company, is a director and shareholder of IberAmerican. Mr. Robert James Metcalfe, a director of the Company, is a director of IberAmerican, and one officer of the Company is a shareholder of IberAmerican. The shareholdings of such individuals do not individually or in the aggregate constitute control of IberAmerican.

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, gain on disposal of investment in associate and "RTO Transaction" costs.

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

(\$ thousands)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Net income (loss)	(563)	175	(1,876)	(623)
Finance income	(5)	(3)	(146)	(178)
Finance costs	272	44	511	188
Gain on settlement of debt	-	-	(8)	-
Change in fair value of investment	39	-	52	-
Income tax expense	75	-	137	-
Depreciation and amortization expense	525	530	1,484	1,251
EBITDA	343	746	154	638
Gain on sale of assets and investment in associate	(789)	-	(1,319)	-
Loss from investment in associate	20	-	42	-
Share-based payments	11	-	259	19
Adjusted EBITDA	(415)	746	(864)	657

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

(\$ thousands)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Revenue	4,769	3,687	12,299	9,459
Changes in inventories of finished goods & work in progress	(469)	606	(44)	662
Raw materials and consumables used	(449)	(291)	(1,511)	(1,075)
Supplies	(1,588)	(966)	(4,126)	(2,172)
Other operating expenses	(1,810)	(1,741)	(5,184)	(4,575)
Employee expenses	(894)	(617)	(2,534)	(1,822)
Other income (expense)	26	68	235	180
Adjusted EBITDA	(415)	746	(864)	657
Gain on sale of assets and investment in associate	789	-	1,319	-
Loss from investment in associate	(20)	-	(42)	-
Share-based payments	(11)	-	(259)	(19)
EBITDA	343	746	154	638

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 September 30, 2023, the Company has a foreign currency balance of \$1.007 million (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.

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, the military conflict between Russia and Ukraine and the escalated tensions in the Middle East after Hamas' attack to Israel on October 7, 2023.
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, including the TSXG's decision discussed in the Subsequent Events section of this MD&A.
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
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.sedarplus.ca.

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 period ended September 30, 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.sedarplus.ca.

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.