STRATEGIC RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2019

(Unaudited)

TSX-V: SR

www.strategic-res.com

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended June 30, 2019 and 2018 have not been reviewed by the Company’s external auditors.

STRATEGIC RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

Unaudited

(expressed in Canadian dollars)

	Note	June 30, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 2,324,440	$ 36,253
Receivables	4	14,597	509
Prepaid expenses		4,113	-
Total current assets		2,343,150	36,762
Non-current assets			
Exploration and evaluation assets	5	4,289,044	-
Total assets		$ 6,632,194	$ 36,762
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	$ 302,583	$ 27,925
Total liabilities		302,583	27,925
EQUITY			
Share capital	8	17,075,709	9,878,287
Contributed surplus – warrants	9	4,870,766	4,864,517
Contributed surplus – options	9	2,343,981	2,343,981
Accumulated other comprehensive loss		(581)	-
Accumulated deficit		(17,960,264)	(17,077,948)
Total equity		6,329,611	8,837
Total liabilities and equity		$ 6,632,194	$ 36,762

Going concern (Note 2(b))

APPROVED BY THE DIRECTORS

"Scott Hicks"
CEO and Director

"Mark Serdan"
Director

STRATEGIC RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

For the three and six months ended June 30, 2019 and 2018

Unaudited

(expressed in Canadian dollars)

	Note	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Expenses					
Exploration and evaluation ("E&E") expenditures	5	$ 383,310	$ -	$ 383,310	$ -
Pre exploration and evaluation expenditures		63,788	-	136,226	5,009
Fees, salaries and other employee benefits	10	184,811	7,500	192,311	7,500
General and administration ("G&A")		38,123	1,169	49,085	11,165
Professional fees		104,463	6,571	112,212	7,216
		(774,495)	(15,240)	(873,144)	(30,890)
Other income (expenses)					
Interest income and other		995	-	995	-
Interest, accretion expense and loss on settlement of loan		(8,301)	-	(10,260)	-
Foreign exchange gain		93	-	93	-
		(7,213)	-	(9,172)	-
Net loss for the period		(781,708)	(15,240)	(882,316)	(30,890)
Other comprehensive loss					
Other comprehensive loss to be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations		(581)	-	(581)	-
Total comprehensive loss for the period		$ (782,289)	$ (15,240)	$ (882,897)	$ (30,890)
Loss per share – basic and diluted	11	$ (0.06)	$ (0.00)	$ (0.08)	$ (0.00)
Weighted average number of shares outstanding – basic and diluted	11	14,002,743	9,173,302	11,601,363	9,173,302

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

STRATEGIC RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2019 and 2018

Unaudited

(expressed in Canadian dollars)

	Note		Six months ended June 30, 2019		2018
Operating activities					
Loss for the period		$	(882,316)	$	(30,890)
Adjustment for non-cash items:					
Loss on settlement of loan	7		6,039		-
Interest accretion	7		4,221		-
Deduct: interest income			(995)		-
Net changes in non-cash working capital items:					
Receivables			(14,088)		4,555
Prepaid expenses			(4,113)		-
Accounts payable and accrued liabilities			274,658		2,873
Net cash utilized in operating activities			(616,594)		(23,462)
Investing activities					
Acquisition of exploration and evaluation assets	5(a)		(698,825)		-
Interest received			995		-
Net cash utilized in investing activities			(697,830)		-
Financing activities					
Proceeds from loan	7		100,000		-
Repayment of loan	7		(100,000)		-
Interest paid on loan	7		(4,011)		-
Shares issued	8		3,700,000		-
Cost to issue shares	8		(93,648)		-
Net cash provided by financing activities			3,602,341		-
Increase (decrease) in cash and cash equivalents			2,287,917		(23,462)
Effect of foreign exchange on cash and cash equivalents			270		-
Cash and cash equivalents, beginning of period			36,253		80,682
Cash and cash equivalents, end of period	3	$	2,324,440	$	57,220

Non-cash investing and financing activities: see Notes 5 and 8 for details of shares issued to acquire exploration and evaluation assets.

STRATEGIC RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2019 and 2018

Unaudited

(expressed in U.S. dollars)

		Share Capital					Contributed Surplus				Other Comprehensive		Accumulated		
	Note	Number of shares		Amount		Warrants		Options		Income (Loss)		Deficit		Total	
Balance, December 31, 2017		9,173,302	$	9,878,287	$	4,864,517	$	2,343,981	$	-	$	(17,017,815)	$	68,970	
Net loss		-		-		-		-		-		(30,890)		(30,890)	
Balance, June 30, 2018		9,173,302	$	9,878,287	$	4,864,517	$	2,343,981	$	-	$	(17,048,705)	$	38,080	
Balance, December 31, 2018		9,173,302	$	9,878,287	$	4,864,517	$	2,343,981	$	-	$	(17,077,948)	$	8,837	
Warrants issued	7, 9	-		-		6,249		-		-		-		6,249	
Shares issued – Silasselkä Property	5, 8	3,387,000		2,066,070		-		-		-		-		2,066,070	
Shares issued – Akanvaara Property	5, 8	2,500,000		1,525,000		-		-		-		-		1,525,000	
Shares issued, net of issue costs	8	16,086,956		3,606,352		-		-		-		-		3,606,352	
Foreign currency translation adjustment		-		-		-		-		(581)		-		(581)	
Net loss		-		-		-		-		-		(882,316)		(882,316)	
Balance, June 30, 2019		31,147,258	$	17,075,709	$	4,870,766	$	2,343,981	$	(581)	$	(17,960,264)	$	6,329,611	

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

1. NATURE OF OPERATIONS

Strategic Resources Inc. ("Strategic" or the "Company") is a publicly listed company incorporated under the Ontario Business Corporations Act on October 25, 2004 and continued under the British Columbia Business Corporations Act on June 7, 2016. The Company is listed on the TSX-Venture Exchange ("TSXV"), having the symbol SR.V. Strategic and its wholly-owned subsidiaries (collectively referred to as the "Group") are engaged in the acquisition, exploration and development of vanadium and other metals used in electric batteries. The Group is considered to be in the exploration stage as it has not placed any of its mineral properties into production.

The Company's head office and principal business address is Suite 410, 625 Howe Street, Vancouver, British Columbia, V6C 2T6. The Company's registered and records office is located at Suite 2900, 595 Burrard Street, Vancouver, British Columbia, V7X 1J5.

2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These condensed consolidated interim financial statements of the Group for the three and six months ended June 30, 2019 and 2018, have been prepared in accordance with IAS 34 *Interim Financial Reporting.* They do not include all of the information and disclosures required in full annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2018 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 27, 2019.

(b) Going concern

These condensed consolidated interim financial statements have been prepared on the going concern basis which assumes that the Group will be able to realize, in the foreseeable future, its assets and discharge its liabilities in the normal course of business as they come due. The Group has incurred cumulative losses of $17,960,264 as at June 30, 2019 and has reported a net loss of $882,316 for the six months ended June 30, 2019. The ability of the Group to continue as a going concern is dependent upon obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Group's assets, the outright sale of the Company, the successful development of the Group's mineral property interests or a combination thereof. The Group believes that, based on forecasts and the ability to reduce expenditures if required, it will be able to continue as a going concern for the foreseeable future. However, the Group will continue to incur losses in the development of its mineral exploration projects and, as noted above, the Group will require additional funding in the future. There can be no assurance that management's plans will be successful. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern. Such adjustments could be material.

(c) Significant accounting policies

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these condensed consolidated interim financial statements are included in the Group's audited financial statements for the year ended December 31, 2018. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements, except as noted below.

IFRS 16 Leases

The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting in an accounting treatment similar to finance leases under IAS 17. Exemptions for leases of very low value or short-term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee.

Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17. IFRS 16 is effective for the Company's December 31, 2019 year-end. The adoption of this standard had no impact on the condensed consolidated interim financial statements of the Company.

2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting policies (continued)

Accounting policies adopted in 2019

In 2019, the Company successfully completed the acquisition of certain mineral property interests (Note 5(a)) and completed a non-brokered private placement (Note 8) which has resulted in additional complexity compared to prior period financials. Accordingly, presented below is a summary of accounting policies adopted by the Company which are in addition to those noted in the Company's audited financial statements as at December 31, 2018.

Basis of consolidation: These consolidated financial statements include the financial statements of Strategic and its wholly-owned subsidiaries which are controlled by the Company. Control is achieved when Strategic (as the parent company) is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Strategic controls an investee if, and only if, the Company has all of the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances, income and expenses are eliminated on consolidation.

Presentation currency and foreign currency translation: Functional currencies of the company's individual entities represent the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the appropriate functional currency at foreign exchange rates that approximate those on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the appropriate functional currency at foreign exchange rates at the balance sheet date. Foreign exchange differences arising on translation are recognized in earnings except for monetary items that are designated as part of the Group's net investment of a foreign operation. These are recognized in other comprehensive income (loss) until the net investment is disposed, at which time, the cumulative amount is reclassified to the income statement. Non-monetary assets that are measured in a foreign currency at historical cost are translated using the exchange rate at the date of the transaction.

In preparing the Company's consolidated financial statements, the financial statements of each entity are translated into Canadian dollars. The assets and liabilities of foreign operations are translated into Canadian dollars at exchange rates at the balance sheet date. Revenues and expenses of foreign operations are translated into Canadian dollars using foreign exchange rates that approximate those on the date of the underlying transaction. Foreign exchange differences are recognized in other comprehensive income.

If the Company or any of its investments dispose of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the accumulated foreign currency translation gains or losses related to the foreign operation are recognized in net earnings.

Exploration and evaluation assets: All direct costs related to the acquisition of mineral property interests (E&E Assets) are capitalized into exploration and evaluation assets (an intangible asset) on a property by property basis. License costs paid in connection with a right to explore in an exploration area, for a period in excess of one year, are capitalized and amortized over the term of the license.

(d) Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements in accordance with IFRS requires management to make certain judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results are likely to differ from these estimates. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses in these condensed consolidated interim financial statements are discussed below.

2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgments and estimates (continued)

Judgments

Determination of functional currency: The determination of functional currency for each company in the Group requires an analysis of various indicators which IFRS splits between primary and additional indicators. The primary factors include analyzing (a) the currency that mainly influences sales prices for goods and services, (b) the currency of the country whose competitive forces and regulations mainly determine the sales price of its goods and services and (c) the currency that mainly influences labour, material and other costs of providing goods or services. Management further reviewed the additional factors for consideration under IFRS which included examining (a) the currency of financing activities, (b) the currency in which receipts from operating activities are usually retained, (c) whether the activities of foreign operations are carried out as an extension of the Company or operate with a large degree of autonomy, (d) whether transactions between entities is a high or low proportion of the foreign operation's activities, (e) whether cash flows from activities of a foreign operation directly affect the cash flows of the Company and (f) whether cash flows from the activities of the foreign operation are sufficient to service existing and normally expected debt obligations. Management determined that the functional currency for certain companies in the Group is the Canadian dollar while the functional currency for its Finnish subsidiary is the Euro and its Peruvian subsidiary is the U.S. Dollar.

Going concern: The assessment of the Group's ability to continue as a going concern requires significant judgment. The Group considers the factors outlined in Note 2(b) when making its going concern assessment.

Exploration and evaluation assets: The application of the Group's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 5(a).

Estimates and assumptions

Loan issued with warrants: During 2019 the Company entered into a loan agreement whereby it issued warrants in connection with receiving a loan. The loan was unsecured and bore an interest rate of 12% per annum. As the Company issued warrants as consideration for the loan, the interest rate of the loan payable was reviewed to determine if it was below the market rate of interest for a commercial loan with similar terms. Management determined there was no observable market for the Company to obtain unsecured borrowing of this nature. Accordingly, finding financing arrangements with arm's length parties under similar terms required judgment. Based on the risk factors for the Company, the cost of borrowing for debt instruments of companies with a comparable investment grade and that the Company issued warrants, management assessed the loan was issued below the market rate for a commercial loan with similar terms.

The initial fair value of the loans was determined by using a discounted cash flow analysis. To determine the discounted cash flow, the Company had to determine the discount rate, representing fair market value, to apply. The discount rate selected at initial recognition has an impact on the amount recorded for the initial fair value of the loan.

Management applied a discount rates of 15% for the loan based on its analysis of:

(i) other companies receiving similar loans at early commercialization stages;
(ii) the cost of borrowing for debt instruments of comparable terms for companies with a comparable investment grade to the Company; and
(iii) the Company's risk factors.

Management determined that interest rates incurred by companies with a comparable investment grade and discount rates applied by venture stage companies in comparable circumstances were within a range of 12% to 18% for unsecured term loans and determined that the average discount rate of 15% was most appropriate.

Using a discount rate of 15% for the loan, the difference between the calculated fair value and the face value liability of the financial instrument was $6,249. This difference reduces the original eligible expenditures proportionately recorded and will be accreted as interest over the life of the loan. If the average discount rate used for the loan had been determined to be higher or lower by 3% (resulting in discount rates of 18% or 12%, respectively), the calculated fair value would have been an estimated $5,097 higher or $4,713 lower, respectively. See Notes 7 and 9 for additional information about the loan.

(expressed in Canadian dollars)

2. BASIS OF PREPARATION, GOING CONCERN AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Standards issued but not yet effective

The Group has not early adopted any amendment, standard or interpretation that has been issued by the International Accounting Standards Board but that is not yet effective.

3. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents, by currency, at June 30, 2019 and December 31, 2018 were as follows:

		June 30, 2019		December 31, 2018
Cash at bank and in hand – Canadian dollars	$	314,534	$	1,253
Cash at bank and in hand – U.S. dollars		1,619		-
Cash at bank and in hand – Euros		3,721		-
Cash at bank and in hand – Peruvian Soles		3,571		-
Cash equivalents – Canadian dollars		2,000,995		35,000
	$	2,324,440	$	36,253

4. RECEIVABLES

The balance at June 30, 2019 of $14,597 (December 31, 2018 - $509) consists of good and services tax recoverable from the Government of Canada.

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Group anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Group's receivables are all considered current and are not past due. The Group does not hold any collateral related to these assets.

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

(a) Exploration and evaluation assets

The Group currently holds two option agreements for vanadium projects in Finland and certain mineral concessions in Peru. The carrying values of the projects held are summarized below as at June 30, 2019:

		Silasselkä		Akanvaara		Peru		**TOTAL**
Balance, December 31, 2018	$	-	$	-	$	-	**$**	**-**
Acquisition costs:								
Shares issued		2,066,070		1,525,000		-		**3,591,070**
Cash payments		500,000		143,750		55,075		**698,825**
Foreign exchange adjustments		-		-		(851)		**(851)**
Balance, June 30, 2019	$	2,566,070	$	1,668,750	$	54,224	**$**	**4,289,044**

Silasselkä Project ("Silasselkä")

On April 10, 2019, the Company entered into a property option and joint venture agreement with Aurion Resources Ltd. ("Aurion") (the "Aurion Agreement") for Silasselkä which comprises 7 claims, 4 exploration licenses and 2 exploration reservations totaling approximately 25,900 hectares in northern Finland. Under the terms of the Aurion Agreement, the Company may acquire up to a 100% interest in Silasselkä through a two stage earn-in process. The Aurion Agreement was subject to certain closing conditions which included, but were not limited to, receipt of TSXV approval and the Company completing an equity financing of at least $2 million. These conditions were met, and the Aurion Agreement was effective, on June 10, 2019.

The first earn-in to acquire a 75% stake in Silasselkä requires: (i) issuing 3,000,000 common shares of the Company and a payment of $500,000 to Aurion (which have been completed); (ii) issuing an additional 1,916,667 common shares of the Company to Aurion and spending $1,000,000 of exploration expenditures on Silasselkä before June 10, 2020; and (iii) issuing an additional 1,916,667 common shares of the Company to Aurion and spending an additional $1,000,000 of exploration expenditures on Silasselkä before June 10, 2021.

(expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(a) Exploration and evaluation assets (continued)

Silasselkä Project (continued)

The second earn-in is earned once the Company has acquired a 75% interest in Silasselkä, whereby it may increase its interest to 100% by issuing an additional 1,166,666 common shares of the Company to Aurion and spending an additional $1,000,000 of exploration expenditures before June 10, 2022.

A finder's fee of 387,000 shares was paid to Medalist Capital Ltd. in connection with the Aurion Agreement.

Under the terms of the Aurion Agreement, and in the event that the Company exercises the second earn-in, if it is determined within a five-year period from that date, that Silasselkä contains at least 300,000 ounces of gold in the indicated mineral resource category or better, then the Company will issue 3,000,000 common shares to Aurion.

A third party holds a 3% net smelter royalty ("NSR") on Silasselkä and other mineral properties owned by Aurion. Aurion has the right to buy the 3% NSR from the holder for €4,000,000 until May 2020. In the event Aurion acquires any or all of this NSR, the Company will have the option to purchase up to one-half of such NSR, as it pertains to the Silasselkä property, on a proportionate value basis.

Akanvaara Project ("Akanvaara")

On April 10, 2019, the Company entered into a property option and joint venture agreement with Magnus Minerals Oy ("Magnus") (the "Magnus Agreement") for Akanvaara which comprises an exploration permit and reservation totaling 9,826 hectares in northern Finland. Under the terms of the Magnus Agreement, the Company may acquire up to a 100% interest in Akanvaara through a two stage earn-in process. The Magnus Agreement was subject to certain closing conditions which included, but were not limited to, receipt of TSXV approval and the Company completing an equity financing of at least $2 million. These conditions were met, and the Magnus Agreement was effective, on June 10, 2019.

The first earn-in to acquire a 70% interest in Akanvaara requires: (i) issuing 2,500,000 common shares of the Company and a payment of $143,750 being made to Magnus (which have both been completed); (ii) spending $750,000 of exploration expenditures on Akanvaara before June 10, 2021; and (iii) granting a 0.7% NSR to Magnus.

Once the Company has acquired a 70% interest in Akanvaara, it may increase its interest to 100% by: (i) issuing an additional 700,000 common shares of the Company to Magnus; (ii) spending an additional $1,000,000 of exploration expenditures before June 10, 2022; and (iii) granting an additional 0.3% NSR to Magnus to bring the total NSR to 1.0%.

Peruvian Claims:

The Group has applied for and obtained approximately 10,600 hectares of mineral claims across six discrete land packages in Peru.

(b) Exploration and evaluation expenditures

The Group's exploration and evaluation expenditures on its projects for the three and six months ended June 30, 2019 are detailed in the table below. The Group commenced E&E activities in the three months ended June 30, 2019. There were no equivalent expenditures in the prior year periods.

	Silasselkä	Akanvaara	Peru	**TOTAL**
Assays / Sampling	$ -	$ 10,344	$ -	**$ 10,344**
Drilling	-	147,024	-	**147,024**
Field office	6,888	16,424	936	**24,248**
Geological consulting / staff	37,009	119,839	2,955	**159,803**
Mineral rights / access	14,850	-	-	**14,850**
Project management	780	13,431	-	**14,211**
Transportation and accommodation	2,662	6,436	3,732	**12,830**
Costs incurred during the six-month period	$ 62,189	$ 313,498	$ 7,623	**$ 383,310**
Cumulative E&E incurred, beginning of period	$ -	$ -	$ -	**$ -**
E&E incurred during the period	62,189	313,498	7,623	**383,310**
Cumulative E&E incurred, end of six-month period	$ 62,189	$ 313,498	$ 7,623	**$ 383,310**

(expressed in Canadian dollars)

6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		June 30, 2019		December 31, 2018
Trade payables	$	119,081	$	7,095
Accrued liabilities		183,502		20,830
	$	302,583	$	27,925

7. LOAN PAYABLE

Loan payable activity was as follows:

		June 30, 2019
Loan balance, January 1, 2019	$	-
Loan advance		100,000
Warrants		(6,249)
Accretion expense		4,221
Loan repayment		(100,000)
Interest paid		(4,011)
Loss on settlement of loan		6,039
	$	-

On February 5, 2019, the Company entered into a loan agreement under which it received proceeds of $100,000. The loan bore a 12% per annum interest rate, was unsecured and was to mature on the earlier of (i) February 5, 2021; and (ii) the date the Company closed an equity private placement of at least $1,000,000. In connection with receiving the loan, the Company issued 434,780 bonus warrants to the lender with a strike price of $0.23 per common share. The Company used the residual method to determine the fair value of the warrants issued by first calculating the fair value of the loan payable, and then allocating the remaining value to the warrants.

The Company calculated the fair value of this loan using a discounted cash flow model with the following assumptions:

Discount rate	15%
Repayment date	February 5, 2021
Repayment amount	$124,033

See Note 2(d) for discussion in determining the discount rate.

The loan, and accrued interest, was repaid following completion of a private placement on June 10, 2019. Accreted interest expense to that date was $4,221. The Company repaid the loan principal of $100,000 and accrued interest of $4,011 with the difference being recorded as a loss on settlement of loan.

(expressed in Canadian dollars)

8. SHARE CAPITAL

Authorized: Unlimited common shares, without par value.

Issued and fully paid:	Number of Common Shares		Amount
Balance, December 31, 2018	9,173,302	$	9,878,287
Shares issued re Silasselkä Property (a)	3,387,000		2,066,070
Shares issued re Akanvaara Property (b)	2,500,000		1,525,000
Shares issued, net of issue costs (c)	16,086,956		3,606,352
Balance, June 30, 2019	31,147,258	$	17,075,709

(a) In connection with the Aurion Agreement to acquire Silasselkä (see Note 5(a)), on June 10, 2019, the Company issued 3,000,000 shares to Aurion at a value of $0.61 per common share, being the closing price of the shares on the TSX-V on the day of issuance. When the Aurion Agreement was entered into the shares were trading at $0.23 per common share for a value of $690,000. A further 387,000 common shares were issued on June 10, 2019 at $0.61 per common share to Medalist as a finder's fee for the transaction.

(b) In connection with the Magnus Agreement to acquire Akanvaara (see Note 5(a)), on June 10, 2019, the Company issued 2,500,000 shares to Magnus at a value of $0.61 per common share, being the closing price of the shares on the TSX-V on the day of issuance. When the Magnus Agreement was entered into the shares were trading at $0.23 per common share for a value of $575,000.

(c) On June 10, 2019, the Company completed a non-brokered private placement of 16,086,956 common shares at a price of $0.23 per common share for proceeds of $3,606,352, net of share issue costs of $93,648.

9. WARRANTS AND SHARE-BASED PAYMENTS

The reserves recorded in equity on the Company's condensed consolidated interim balance sheets include "contributed surplus – warrants" and "contributed surplus – options". Contributed surplus - options is used to recognize the fair value of option instruments granted by the Company and contributed surplus - warrants is used to recognize the fair value of warrant instruments issued by the Company.

(a) Stock options

The Company has a stock option plan (the "Plan") whereby the Company may grant options to directors, officers, employees and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the total number of issued and outstanding shares on the date options are granted. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. Options are exercisable over periods of up to ten years as determined by the Board and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX Venture Exchange. The Plan contains no vesting requirements except that options granted to consultants performing investor relations activities are to vest in a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

During the six months ended June 30, 2019, the Company granted no stock options (six months ended June 30, 2018 – none). The Company had no options outstanding at June 30, 2019 or December 31, 2018.

(b) Warrants

The Company has, historically, issued share purchase warrants as part of units issued in private placements for cash and, more recently, in connection with a loan.

Issued as part of units in private placements

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to the warrants.

(expressed in Canadian dollars)

9. WARRANTS AND SHARE-BASED PAYMENTS (continued)

(b) Warrants (continued)

Issued in connection with loans

The proceeds from the issuance of loans are allocated between loans payable and warrants based on the residual value method whereby the proceeds are allocated to loans payable based on the fair value of the loans payable and any residual value is allocated to the warrants.

The following tables summarize warrants activity for the three and six months ended June 30, 2019 and 2018:

	Three months ended June 30, 2019			2018		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning and end of period	434,780	$	0.23	-	$	-

	Six months ended June 30, 2019			2018		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of period	-	$	-	-	$	-
Issued	434,780		0.23	-		-
Outstanding, end of period	434,780	$	0.23	-	$	-

Warrants outstanding at June 30, 2019 are as follows:

Warrants Outstanding					Warrants Exercisable		
Number of Warrants	Expiry Date	Weighted average life (years)		Exercise Price	Number of Warrants		Exercise Price
434,780	February 13, 2021	1.63	$	0.23	434,780	$	0.23

10. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS

	Three months ended June 30, 2019		2018		Six months ended June 30, 2019		2018	
Fees and salaries	$	182,470	$	7,500	$	189,970	$	7,500
Social security		2,341		-		2,341		-
	$	184,811	$	7,500	$	192,311	$	7,500

11. LOSS PER SHARE

The calculation of basic and diluted loss per common share is based on the following data:

	Three months ended June 30, 2019		2018	
Net loss	$	781,708	$	15,240
Weighted average number of common shares outstanding (basic and diluted)		14,002,743		9,173,302
Loss per share – basic and diluted	$	0.06	$	0.00

(expressed in Canadian dollars)

11. LOSS PER SHARE (continued)

	Six months ended June 30, 2019	2018
Net loss	$ 882,316	$ 30,890
Weighted average number of common shares outstanding (basic and diluted)	11,601,363	9,173,302
Loss per share – basic and diluted	$ 0.08	$ 0.00

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

There were no stock options issued for the three and six month periods ended June 30, 2019 and 2018 and the Company's warrants are anti-dilutive.

12. CAPITAL RISK MANAGEMENT

It is the Company's objective when managing capital to safeguard its ability to continue as a going concern in order that it may continue to explore and develop its mineral properties and continue its operations for the benefit of its shareholders. The Company's objectives when managing capital are to:

(a) continue the exploration and development of its mineral properties;
(b) support any expansion plans; and
(c) maintain a capital structure which optimizes the cost of capital at acceptable risk.

The Company considers its equity, which includes common shares, contributed surplus – warrants, contributed surplus – options, other comprehensive loss and accumulated deficit as capital. The Company intends to spend existing working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure the Company may issue new common shares. In order to facilitate analysis and management of its capital requirements, the Company prepares and updates annual budgets (as needed) to ensure that its acquisition and exploration operations can continue to progress. Budgets, once finalized, are approved by the Board. There have not been any changes to the Company's capital management objective, policies and processes compared to the prior year. The Company is not subject to any externally imposed capital requirements.

13. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and financial liabilities

The Group's financial assets and financial liabilities are categorized as follows:

	Note	Category	June 30, 2019	December 31, 2018
Cash and cash equivalents	3	Amortized cost	$ 2,324,440	$ 36,253
Accounts payable and accrued liabilities	6	Amortized cost	302,583	27,925

The recorded amounts for cash and cash equivalents and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these instruments and/or the market interest rate being earned or charged thereon. Income earned on the Group's cash and cash equivalents has been disclosed in the consolidated statements of comprehensive loss under the caption "interest income and other."

(b) Fair Value Measurements

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

(expressed in Canadian dollars)

14. FINANCIAL INSTRUMENT RISKS

The Group is exposed to various risks in relation to financial instruments. The main types of risk are credit risk, liquidity risk and market risk. These risks arise from the normal course of the Group's operations and all transactions undertaken are to support the Group's ability to continue as a going concern. The risks associated with financial instruments and the policies on mitigation of such risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Credit Risk

The Group considers that its cash and cash equivalents are exposed to credit risk, representing maximum exposure of $2,324,440 (December 31, 2018 - $36,253). Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its cash is minimized by maintaining these assets with high-credit quality financial institutions. At June 30, 2019, the Group's cash and cash equivalents were held at five financial institutions (December 31, 2018 – one financial institution).

(b) Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they become due. The Group manages liquidity risk by ensuring that it has sufficient cash available to meet its obligations. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and loans.

At June 30, 2019, the Group's current liabilities consisted of trade payables and accrued liabilities of $302,583 which are due primarily within three months from the period end. The Group's cash and cash equivalents of $2,324,440 at June 30, 2019, were sufficient to pay for the current liabilities.

(c) Market Risks

The significant market risk exposures to which the Group is exposed are interest rate risk, currency risk and price risk.

Interest Rate Risk - Interest rate risk is the risk that the future cash flows and fair values of the Group will fluctuate because of changes in market interest rates. Based on the Group's cash as at June 30, 2019, and assuming that all other variables remained constant, a 1% increase or decrease in interest rates would result in an increase or decrease of approximately $23,000 in the Group's interest income on an annual basis.

Currency Risk - The functional currency of the Company and its subsidiaries is the Canadian dollar, Euro or U.S. dollar, respectively. The Group's reporting currency is the Canadian dollar. The carrying amounts of financial assets and financial liabilities denominated in currencies other than the functional currency for each subsidiary are subject to fluctuations in the underlying foreign currency exchange rates. Gains and losses on such items are included as a component of net loss for the period.

The Group is exposed to currency risks arising from fluctuations in foreign exchange rates primarily among the U.S. dollar, Euro, Australian dollar ("AUD") and Peruvian Sol and the degree of volatility of these rates. The Group does not use derivative instruments to reduce its exposure to foreign exchange and currency risks. The Group's exposure to foreign currency risks on cash balances held in foreign currencies is not expected to be significant.

The table below shows the impact that a 1% fluctuation in foreign currency rates would have on the Group's consolidated loss, comprehensive loss and equity based upon the assets held at June 30, 2019.

Financial Instrument Type		Canadian Dollar	Currency		+/- 1% Fluctuation	
Overdraft	$	(307)	U.S. dollar	$	(3)	3
Cash		3,571	Peruvian Sol		36	(36)
Accounts payable and accrued liabilities		(157,093)	Euro		(1,571)	1,571
Accounts payable and accrued liabilities		(52,712)	U.S. dollar		(527)	527
Accounts payable and accrued liabilities		(8,808)	AUD		(88)	88
Total	$	(215,349)		$	(2,153)	2,153

Other Price Risk - The Group did not hold any financial instruments that had direct exposure to other price risks at June 30, 2019.

(expressed in Canadian dollars)

15. SEGMENTED DISCLOSURE

Operating segment:

The Group has one operating segment, being the acquisition, exploration and evaluation of mineral assets.

Geographic segments:

The Group's assets, liabilities, expenses and other income by geographic area as at and for the periods ended June 30, 2019 and 2018 are as follows:

	June 30, 2019			
	Canada	Finland	Peru	Total
Current assets	$ 2,333,842	$ 3,810	$ 5,498	$ 2,343,150
Exploration and evaluation assets	-	4,234,820	54,224	4,289,044
Total assets	$ 2,333,842	$ 4,238,630	$ 59,722	$ 6,632,194
Current liabilities	$ 280,370	$ 21,904	$ 309	$ 302,583
Total liabilities	$ 280,370	$ 21,904	$ 309	$ 302,583

	Three months ended June 30, 2019			
	Canada	Finland	Peru	Total
Expenses	$ 420,715	$ 344,614	$ 9,166	$ 774,495
Other expenses (income)	7,216	-	(3)	7,213
Net loss for the period	$ 427,931	$ 344,614	$ 9,163	$ 781,708

	Three months ended June 30, 2018			
	Canada	Finland	Peru	Total
Expenses	$ 15,240	$ -	$ -	$ 15,240
Other expenses (income)	-	-	-	-
Net loss for the period	$ 15,240	$ -	$ -	$ 15,240

	Six months ended June 30, 2019			
	Canada	Finland	Peru	Total
Expenses	$ 482,771	$ 376,635	$ 13,738	$ 873,144
Other expenses (income)	9,175	-	(3)	9,172
Net loss for the period	$ 491,946	$ 376,635	$ 13,735	$ 882,316

	Six months ended June 30, 2018			
	Canada	Finland	Peru	Total
Expenses	$ 30,890	$ -	$ -	$ 30,890
Other expenses (income)	-	-	-	-
Net loss for the period	$ 30,890	$ -	$ -	$ 30,890

16. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS

Information about subsidiaries

The consolidated financial statements include the following subsidiaries:

		% Equity interest at	
	Country of Incorporation	June 30, 2019	December 31, 2018
Strategic Resources (Finland) Inc.	Canada	100	-
Strategic Resources (Peru) Inc.	Canada	100	-
Strategic Explorations Oy	Finland	100	-
Minera Strategic Peru S.A.C.	Peru	100	-

(expressed in Canadian dollars)

16. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS (continued)

Related party expenses and balances

The Group incurred the following expenses with related parties:

Company	Nature of transactions		Three months ended June 30, 2019		2018
Miedzi Copper Corp.	G&A	$	11,922	$	-
622738 B.C. Ltd	Fees		50,000		-
Brassard Consulting Ltd.	Fees		27,200		7,500
Hathaway Consulting Ltd.	Fees		21,000		-
Into the Blue Management Inc.	Fees		27,000		-
Lyle E Braaten Law Corp.	Fees		22,470		-
		$	159,592	$	7,500

Company	Nature of transactions		Six months ended June 30, 2019		2018
Miedzi Copper Corp	G&A	$	11,922	$	-
622738 B.C. Ltd	Fees		50,000		-
Brassard Consulting Ltd.	Fees		34,700		7,500
Hathaway Consulting Ltd.	Fees		21,000		-
Into the Blue Management Inc.	Fees		27,000		-
Lyle E Braaten Law Corp.	Fees		22,470		-
		$	167,092	$	7,500

Miedzi Copper Corp. is considered a company related by way of directors, officers and shareholders in common. 622738 B.C. Ltd., Brassard Consulting Ltd., Hathaway Consulting Ltd., Into the Blue Management Inc. and Lyle E Braaten Law Corp. are related by way of being owned by directors or officers of the Company. Related party transactions are recognized at the amounts agreed between the parties. Outstanding balances are unsecured and settlement occurs in cash. At June 30, 2019, $12,518 owing to Miedzi Copper Corp. was included in accounts payable (December 31, 2018 – no amounts were owing to related parties).

Key management personnel compensation

Key management of the Group are the directors and officers of Strategic and their remuneration includes the following:

		Three months ended June 30, 2019		2018		Six months ended June 30, 2019		2018
Short-term benefits (i)	$	174,063	$	7,500	$	182,940	$	7,500
Total remuneration	$	174,063	$	7,500	$	182,940	$	7,500

(i) Short-term benefits include fees and salaries.
(ii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the periods ended June 30, 2019 and 2018.