STRATEGIC RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019

TSX-V: SR

www.strategic-res.com

Management's Discussion and Analysis
For the Three and Six Months Ended June 30, 2019 **August 27, 2019**

INTRODUCTION

Strategic Resources Inc. ("Strategic" or the "Company") is a resource exploration company with a focus on the acquisition, exploration and development of vanadium and other metals used in electric batteries. Strategic's head office is in Vancouver, Canada. The Company was incorporated under the Ontario *Business Corporations Act* on October 25, 2004 and was continued under the British Columbia Corporations Act on June 7, 2016. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "SR".

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Strategic and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the three and six months ended June 30, 2019, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto. This MD&A should also be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2018.

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.strategic-res.com.

The Company reports its financial information in Canadian dollars and all monetary amounts set forth herein are expressed in Canadian dollars unless specifically stated otherwise. The Company's unaudited condensed consolidated interim financial statements for the periods ended June 30, 2019 and 2018 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

Leo Hathaway, P.G., is a qualified person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") and has reviewed and approved for inclusion the scientific and technical disclosure in this MD&A. Mr. Hathaway is the Vice President, Exploration of the Company.

FORWARD-LOOKING INFORMATION

Information and statements contained in this MD&A that are not historical facts are forward-looking information or forward-looking statements within the meaning of Canadian securities legislation and the *U.S. Private Securities Litigation Reform Act of 1995* (hereinafter collectively referred to as "forward-looking statements") that involve risks and uncertainties. This MD&A contains forward-looking statements such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this MD&A include, but are not limited to, statements with respect to:

- the Company's going-forward corporate strategy, as well as its strategies for development of its mineral property assets;
- the Company's acquisition of concessions and projects;
- the Company's plans and actions required to continue or initiate exploration and drilling programs on its projects;
- timing and prospects of future exploration and development work and expenditures on the Company's projects;
- the Company's plans to establish mineral resource estimates on its mineral property interests;
- the Company's plans to revise mineral title status on its mineral concessions in order to facilitate future exploration work;
- the Company satisfying the earn-in requirements on certain of its mineral property interests;
- the Company's ability to comply with permitting and regulatory requirements related to exploration and development and related operations, as well as any associated costs and timing;
- the Company's ability to continue as a going concern;
- the impact of future accounting standards on the Company;
- the adequacy of the Company's working capital;
- the Company's ability to raise additional financing or find alternative ways to advance its corporate objectives, as well as the use of any financing proceeds;
- the mineral exploration assets acquired by the Company being and remaining attractive investment opportunities; and
- any additional risks and uncertainties with regards to the Company's business.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "goal", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Any such forward-looking statements are based, in part, on assumptions and factors that may change, thus causing actual results or achievements to differ materially from those expressed or implied by the forward-looking statements. Such factors and assumptions may include, but are not limited to: assumptions concerning vanadium and other base and precious metal prices; cut-off grades; accuracy of mineral resource estimates and resource modeling; timing and reliability of sampling and assay data; representativeness of mineralization; timing and accuracy of metallurgical test work; anticipated political and social conditions; expected government policy; and, ability to successfully raise additional capital.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, and without limitation:

- risks relating to price fluctuations for vanadium and other precious and base metals;
- risks inherent in mineral resource estimation;
- risks relating to government cancellation or expropriation of the Company's mineral property interests;
- risks relating to all the Company's mineral concessions and projects being located in Finland and Peru, including political, social, economic, security and regulatory instability;
- risks relating to changes in Finland or Peru's national, provincial and local political leadership, including impacts these may have on general, environmental, and mining specific public policies, laws and regulations, and other norms or decisions issued by administrative agencies and other governmental institutions, including the judiciary, as well as legal, political, and social stability;
- risks relating to national and local political and social unrest, including opposition to mining, pressure for economic benefits such as employment or social investment programs, access to land for agricultural or artisanal mining use, or for illegal mining or other unlawful purposes, permission to conduct artisanal hard rock or alluvial mining on Company concessions, or other local political and social pressures;
- risks relating to required consultations with local communities;
- risks relating to the political, social, environmental and geological conditions in areas in proximity to the concessions under development;
- risks relating to Strategic's rights or activities being impacted by litigation or administrative processes;
- risks relating to Strategic's ability to secure and maintain social licenses from local communities and access concession surface areas and other properties needed to advance its exploration and development programs;
- risks relating to Strategic's concession being located in areas subject to environmental restrictions or its operations being subject to environmental requirements, including remediation;
- risks relating to Strategic's ability to source qualified human resources, including managers, employees, consultants, attorneys, and sub-contractors, as well as the performances of all such resources (including human error and actions outside of the control of Strategic, such as wilful negligence, including on the part of its counterparties or agents);
- risks of title disputes or claims affecting mining concessions;
- risks relating to adverse changes to laws, regulations or other norms placing increased or changing regulatory burdens or extending timelines for regulatory approval processes, including environmental, safety, social, taxation and other matters;
- risks relating to delays in obtaining governmental approvals or permits necessary for the transfer of concessions, execution of exploration, development or construction and related activities;
- risks relating to failure of plant, equipment or processes to operate as anticipated;
- risks relating to performance of human resources, such as accidents and labour disputes;
- risks relating to competition inherent in the mining exploration industry;
- risks of impacts from unpredictable natural occurrences, such as adverse weather conditions, fire, natural erosion, landslides, and geological activity, including earthquakes and volcanic activity;
- risks relating to inadequate insurance or inability to obtain insurance;
- risks relating to the fact that Strategic's properties are not yet in commercial production;
- risks relating to the Company's ability to obtain necessary funding for its operations, at all or on terms acceptable to the Company;
- risks relating to the Company's working capital and requirements for additional capital;
- risks relating to currency exchange fluctuations;
- risks relating to fluctuations in interest and inflation rates;
- risks relating to restrictions on access to and movement of capital;
- risks relating to the value of the Company's common shares fluctuating based on market factors;
- risks relating to the Company's dependence on key personnel; and
- other risks of the mining industry,

as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors and risks that could affect the Company and might cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to occur as projected, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Forward-looking statements and other information contained herein, including general expectations concerning the mining industry, are based on estimates and forecasts prepared by the Company employing data from publicly available industry sources, as well as from market research and industry analysis, and on assumptions based on data and knowledge of this industry and the operating environment in Ecuador which the Company believes to be reasonable. Although generally indicative of relative market positions, market shares and performance characteristics, this data is inherently imprecise. While the Company is not aware of any misstatements regarding any data presented herein, the mining industry involves risks and uncertainties and the data is subject to change based on various factors.

OVERVIEW OF SIGNIFICANT EVENTS AND REVIEW OF ACTIVITIES

In order to better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities involving mineral property interests that occurred during the three and six months ended June 30, 2019 and to the date of this MD&A. This overview should be read in conjunction with the remainder of this MD&A to more fully appreciate the Company's results and activities for the three and six months ended June 30, 2019.

Described in more detail below are the following:

- signing a property option and joint venture agreement with Aurion Resources Ltd. ("Aurion") on the Silasselkä Project in Finland;
- signing a property option and joint venture agreement with Magnus Minerals Oy ("Magnus") on the Akanvaara Project in Finland;
- the Company acquiring certain mineral concessions in Peru;
- work carried out on the Company's projects; and
- financing activities undertaken by the Company.

Silasselkä Project ("Silasselkä")

On April 10, 2019, the Company entered into a property option and joint venture agreement with 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.

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 on Silasselkä 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.

Silasselkä is located in northern Finland, approximately 190 kilometres ("km") north of Rovaniemi and 850 km north of Helsinki. Access to Silasselkä is provided by paved highways and a network of gravel forestry roads.

During the period, a total of 44-kilometre ground magnetics survey was completed on Silasselkä in preparation for drilling. No drilling has yet been carried out on Silasselkä. See the Outlook section for the expected Silasselkä drilling timeline.

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 on Akanvaara before June 10, 2022; and (iii) granting an additional 0.3% NSR to Magnus to bring the total NSR to 1.0%.

Akanvaara is located in northern Finland, approximately 130 km northeast of Rovaniemi and 780 km north of Helsinki. Access to Akanvaara is provided by paved highways and a network of gravel forestry roads.

During the period, a total of 43-kilometre ground magnetics survey was completed on Akanvaara in preparation for drilling. The Company began drilling the Akanvaara project in June 2019. Drilling of the Phase 1 program was completed in August after nine holes and 1,159 metres. The initial results from holes one to four were announced by the Company in an August 8, 2019 news release.

Peruvian Claims

The Company has applied for and obtained approximately 10,600 hectares of mineral claims across six discrete land packages in Peru (known as Strat 1 – 6). Strat 1 – 4 are located in west-central Peru, approximately 255km, 225km, 140km and 165km, respectively, from Lima. More specifically, Strat 3 is located 38km from Cerro de Pasco and 12km from the historic Mina Ragra vanadium mine. Strat 5 and 6 are located in southern Peru, approximately 105km and 130km from the city of Arequipa. All six properties are accessible via paved highways followed by dirt roads except for Strat 2 which requires access via truck up a 30km dry river channel.

In late June and July 2019, the Company carried out initial reconnaissance and a field prospecting trip on its concessions in Peru. During the course of this trip, the Strat 3 and Strat 4 concessions were physically visited and desktop studies were completed on the remaining four concessions to help aid in the understanding of each concessions potential to host vanadium mineralization. The concessions were initially staked on the basis of the presence of vanadium mineralization in soil and stream samples.

Financing Activity

On June 10, 2019, the Company completed a non-brokered private placement for 16,086,956 common shares at a price of $0.23 per common share, for proceeds of $3,606,352, net of issue costs of $93,648. A comparison of the Company's intended use of proceeds and the actual use of proceeds is set forth below:

Disclosed Use of Proceeds	Actual Use of Proceeds
Fund the cash payments due under the Aurion Agreement and the Magnus Agreement.	The Company made initial cash payments due under the agreements in the amount of $500,000 to Aurion and $143,750 to Magnus.
Exploration expenditures.	The Company staked six mineral concessions in Peru for $55,075 and incurred $383,310 in exploration and evaluation expenditures in the three and six months ended June 30, 2019.
Repayment of Debt.	The Company fully repaid an outstanding loan balance of $100,000 plus accrued interest of $4,011.
General corporate purposes and working capital.	Funds from the private placement were utilized to maintain operations at the Company.

OUTLOOK

The Company's strategy is to focus on advancing exploration on its projects in Finland and Peru as well as to evaluate opportunities that may arise for future acquisitions. Regarding the current projects held by the Company, upcoming plans include:

Silasselkä - The Company is currently prioritizing the conversion of the Sätkä 2 claim from Exploration Application status to a fully granted Exploration License in order to begin drilling on the highest priority target. It is expected that an approximately 3,000 metre drill program will be completed at the project by mid-2020. The goal of the program will be to establish an initial NI 43-101 mineral resource estimate at the property. Work is also underway to prioritize the areas that are currently in Reservation status, with the intention of putting a substantial portion of those claims into Exploration Application status. Additionally, the Company plans to conduct a line of power-auger base of till sampling across the known vanadium bearing horizon to characterize the geochemical anomaly and dispersion. This knowledge can then be applied in other undrilled magnetic targets to establish whether they contain vanadium and justify future drill testing.

Akanvaara - The Company is currently assaying five remaining drill holes, with results expected in September 2019. The Company is also conducting Davis Tube magnetic separation testing on 52 samples from the first seven holes of the drill program to establish the characteristics of the vanadium-hosting magnetite mineralization. The Company plans to use the initial drill data to form the basis of a spacing study required to determine the appropriate drill density to establish a resource at Akanvaara as well as design a Phase 2 drill program.

Peru Concessions - A second reconnaissance of the company's Peru concessions is planned for the second half of the year and exploration programs will be developed based on results thereto.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30 2019 along with other public disclosure documents of the Company.

For the three and six months ended June 30, 2019, the Company reported net losses of $781,708 and $882,316, respectively, compared to net losses of $15,240 and $30,890, respectively, for the three and six months ended June 30, 2018. Further details of items impacting the Company's net loss are noted in the commentary that follows.

Exploration and Evaluation ("E&E") Assets (Mineral Properties)

The Company capitalizes costs incurred acquiring E&E assets and any required licenses related thereto with a term of more than one year. The Company's E&E assets at June 30, 2019 consisted of (i) Silasselkä with a carrying value of $2,566,070; (ii) Akanvaara with a carrying value of $1,668,750; and (iii) Peruvian claims with a carrying value of $54,224. The Company held no mineral projects at December 31, 2018.

E&E expenditures are expensed to profit and loss as incurred. These expenditures are discussed below and are disclosed in Note 5(b) of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019.

Expenses

Exploration and evaluation expenditures

Total E&E expenses for both the three and six months ended June 30, 2019 were $383,310 compared to $Nil for the three and six months ended June 30, 2018. Further details on expenses, by project are noted below.

	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 three and six-month period	$ 62,189	$ 313,498	$ 7,623	**$ 383,310**

As described earlier in this MD&A, during the three and six months ended June 30, 2019, the Company completed a total combined 97-kilometre ground magnetics survey on Akanvaara and Silasselkä in preparation for drilling and commenced drilling on Akanvaara in June 2019. In Peru, the Company conducted initial field and desktop reconnaissance work.

Other operating expenses

The Company's other expenses were as follows:

	Three months ended			
	June 30, 2019		June 30, 2018	
Pre exploration and evaluation expenditures	$	63,788	$	-
Fees, salaries and other employee benefits		184,811		7,500
General and administration ("G&A")		38,123		1,169
Professional fees		104,463		6,571
	$	391,185	$	15,240

	Six months ended			
	June 30, 2019		June 30, 2018	
Pre exploration and evaluation expenditures	$	136,226	$	5,009
Fees, salaries and other employee benefits		192,311		7,500
General and administration		49,085		11,165
Professional fees		112,212		7,216
	$	489,834	$	30,890

Pre exploration and evaluation expenditures incurred relate to expenditures incurred by the Company evaluating and assessing potential new mineral property interests, such costs being incurred prior to the Company having a legal interest in the mineral property. These costs increased in the three and six months ended June 30, 2019 compared to the 2018 periods as the Company was significantly more active in evaluating potential opportunities in 2019.

Fees, salaries and other employee benefits for the three and six months ended June 30, 2019 increased compared to the 2018 periods as a result of the Company increasing its activity and staffing levels in 2019 with the acquisition of its new mineral property interests and new equity financing. In 2018 the Company was operating with a minimal budget and staff levels. The increased activity and personnel levels also saw an increase in related G&A costs to operate the business. Professional fees increased in 2019 primarily as a result of negotiating and completing the acquisition of projects in both Finland and Peru.

Other income / expenses

The Company's other income / expenses were as follows:

	Three months ended			
	June 30, 2019		June 30, 2018	
Interest income and other	$	995	$	-
Interest, accretion and loss on loan settlement		(8,301)		-
Foreign exchange gain		93		-
	$	(7,213)	$	-

	Six months ended			
	June 30, 2019		June 30, 2018	
Interest income and other	$	995	$	-
Interest, accretion and loss on loan settlement		(10,260)		-
Foreign exchange gain		93		-
	$	(9,172)	$	-

The Company's interest, accretion and loss on loan settlement expense related to a $100,000 loan received by the Company in February 2019 which bore interest at 12% per annum and for which 434,780 bonus warrants with a strike price of $0.23 were issued. The loan was repaid in June 2019. Further details can be seen in Note 7 to the unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2019.

Related Party Transactions

The Company incurred the following expenses with related parties:

Company	Nature of transactions	Three months ended June 30, 2019	Three months ended June 30, 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	Six months ended June 30, 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).

SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The information presented below highlights the Company's unaudited quarterly results for the past eight quarters.

Three Months Ended:	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Revenue	$ -	$ -	$ -	$ -
Expenses	(774,495)	(98,649)	(22,458)	(6,785)
Other income (expenses)	(7,213)	(1,959)	-	-
Net loss for the period	(781,708)	(100,608)	(22,458)	(6,785)
Basic and diluted loss per share	(0.06)	(0.01)	(0.00)	(0.00)

Three Months Ended:	June 30, 2019	March 31, 2018	December 31, 2017	September 30, 2017
Revenue	$ -	$ -	$ -	$ -
Expenses	(15,240)	(15,650)	(11,389)	(2,911)
Other income (expenses)	-	-	-	-
Net loss for the period	(15,240)	(15,650)	(11,389)	(2,911)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

During the periods to December 31, 2018, the Company was seeking to evaluate potential mineral property interests with only minimal expenditures being incurred. During the quarter ended March 31, 2019, the Company received a loan of $100,000 which was utilized to evaluate and negotiate various mineral property opportunities including projects in Finland and Peru. The mineral claim in Peru were staked during the quarter ended March 31, 2019 while the Company completed its option agreements with Aurion and Magnus on June 10, 2019. During the three months ended June 30, 2019, the Company conducted exploration programs on its mineral property interests, installed a new management team and, accordingly, saw an increased level on overall project, fees and salaries and G&A related expenditures. These activities have been described earlier in this MD&A.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenses and mineral property costs is provided earlier in this MD&A and in Note 5 of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2019, the Company had cash of $2,324,440 compared to cash of $36,253 at December 31, 2018. The Company's working capital balance at June 30, 2019 was $2,040,567 compared to $8,837 at December 31, 2018. The Company's cash at June 30, 2019, was sufficient to meet the Company's current accounts payable and accrued liabilities at that date.

Working capital is defined as current assets minus current liabilities. Working capital calculations or changes are not measures of financial performance, nor do they have standardized meanings, under International Financial Reporting Standards ("IFRS"). Readers are cautioned that this calculation may differ among companies and analysts and therefore may not be directly comparable. Management believes that disclosure of the Company's working capital is of value to assess the available capital resources of the Company at a reporting period end.

At June 30, 2019, approximately $2,312,000 (or 99%) of the Company's cash and cash equivalents were held at Scotiabank, a major chartered bank in Canada. Management is not aware of any liquidity issues associated with any of the banks in which funds have been deposited.

The Company had no long-term debt obligations or off-balance sheet arrangements at June 30, 2019.

In order to complete the initial earn-ins on the Silasselkä and Akanvaara projects, the Company is required to incur certain exploration expenditures, as described earlier in this MD&A, totalling $2,000,000 on Silasselkä ($1,000,000 by June 10, 2020 and a further $1,000,000 by June 10, 2021) and $750,000 on Akanvaara by June 10, 2021. As At June 30, 2019, the Company has incurred expenditures of approximately $62,000 on Silasselkä and $313,000 on Akanvaara which leaves approximately $2,375,000 remaining to be spent across both projects for the initial earn-in. Accordingly, the Company will, in future, require additional funding to complete its spending obligations (should it elect to continue with the projects) and fund the corporate G&A and other costs.

To date, the capital requirements of the Company have been met by equity or loan proceeds. As noted in Note 2(b) to the unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2019, the Company has incurred cumulative losses of $17,960,264 and will continue to incur losses in the development of its business. The Company's ability 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 Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests, or a combination thereof. The ability to raise additional financing for future activities may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets, depressed commodity prices or country risk factors. This exposure is discussed in more detail in the "Risks and Uncertainties" section of this MD&A. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

FINANCIAL INSTRUMENTS

At June 30, 2019, the Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. Fair value estimates are made at the balance sheet date based on generally accepted pricing models, discounted cash flow analysis or using prices from observable current market transactions. These estimates are subjective in nature and may involve significant uncertainties in matters of judgment and, therefore, cannot be determined with precision. The fair values of the Company's financial instruments approximate their carrying values due to their short terms to maturity or capacity for prompt liquidation and the interest rates being charged or earned on these amounts.

The Company's financial instruments have been classified as follows under IFRS:

- Cash and cash equivalents: amortized cost.
- Accounts payable and accrued liabilities: amortized cost.

The types of financial risk exposure and the way in which such exposure is managed by the Company is as follows:

Credit Risk

It is management's opinion that the Company is not exposed to significant credit risk arising from the above-noted financial instrument assets, as disclosed in Note 14(a) to the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019.

The Company's exposure to credit risk on its cash is limited by maintaining this asset with high-credit quality financial institutions. The Company may be exposed to the credit risk of its banks in Finland and Peru which hold cash for the Company's overseas operations. The Company limits its exposure to this risk by maintaining minimal cash balances in these accounts, normally sufficient to fund the next month's operations.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company manages liquidity risk by ensuring that it has sufficient cash and other financial resources available to meet its obligations. The Company typically forecasts cash flows for a period of twelve months to identify financial requirements. These requirements are met through a combination of cash on hand, disposition of assets, accessing capital markets and/or loan advances.

At June 30, 2019, the Company's current liabilities consisted of accounts payable and accrued liabilities of $302,583 which are due primarily within the next quarter. The Company's cash of $2,324,440 at June 30, 2019 was sufficient to pay the accounts payable and accrued liabilities.

Market Risks

The market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of the Company will fluctuate because of changes in market interest rates. Included in net loss for the three and six months ended June 30, 2019 is interest income earned on the Company's cash. Based on the Company's cash at June 30, 2019, and assuming that all other variables remain constant, a 1% increase or decrease in interest rates would result in an increase or decrease to the Company's interest income of approximately $23,000 (on an annualized basis).

Currency Risk

The functional currencies of the Company and its subsidiaries include the Canadian dollar, Euro and U.S. dollar while the Company's reporting currency is the Canadian dollar. The carrying amounts of monetary assets and liabilities denominated in currencies other than the functional currency for a particular company 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 Company is exposed to foreign exchange and currency risks arising from fluctuations in foreign exchange rates among the U.S. dollar, Euro, Australian dollar and Peruvian Sol and the degree of volatility of these rates. The Company keeps the majority of its cash and cash equivalents in Canadian dollars and purchases foreign currency amounts as needed. The Company does not use derivative instruments to reduce its exposure to foreign exchange and currency risks.

At June 30, 2019, the Company's cash and cash equivalents were primarily held in Canadian dollars as disclosed in Note 3 of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019. The Company estimates that a 1% fluctuation in foreign currency exchange rates compared to the Canadian dollar would have not have a material impact to the results of operations based upon the foreign currency financial instruments held at June 30, 2019.

SHARE CAPITAL

As at the date of this MD&A, the Company had the following securities issued and outstanding:

Common shares:	31,147,258	
Common share purchase warrants:	434,780	exercisable at $0.23 per warrant.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The Company evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates are used for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from these estimates. Should the Company be unable to meet its ongoing obligations, the realizable value of its assets may decline materially from current estimates.

The accounting policy estimates and judgments described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's consolidated financial statements and the uncertainties that could have a bearing on its financial results. Further details, and a description of certain other areas of estimation and judgment, can be found at Note 2(d) in the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019.

Determination of functional currency

The determination of functional currency for each company that comprises the consolidated entity 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 of Strategic's group companies was 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 Company's ability to continue as a going concern requires significant judgment. As disclosed in Note 2(b) of the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019, the Company has incurred cumulative losses of $17,960,264. The ability of the Company 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 Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests or a combination thereof. Factors that the Company evaluates include forecasts, the ability to reduce expenditures if required, and indications of shareholder support.

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that 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.

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 of the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019 for additional information.

CHANGES IN ACCOUNTING STANDARDS

The IASB, from time to time, issues new accounting standards that may impact the Company's current or future financial statements:

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 unaudited condensed consolidated interim financial statements of the Company for the three and six months ended June 30, 2019.

Other Accounting Policies

In 2019, the Company successfully completed the acquisition of new mineral property interests and completed a non-brokered private placement which has resulted in additional operational and business complexity compared to prior periods. 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

The Company's 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 Company'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 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.

RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many kinds of risks, including, but not limited to, operational, technical, environmental, labour, social, political, regulatory, security, financial, economic, and metals pricing. Additionally, often due to factors that cannot be predicted or foreseen, few exploration projects successfully achieve development. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not listed in order of importance, nor are they inclusive of all the risks and uncertainties the Company may be subject to, and therefore other risks may apply.

- *Mineral exploration inherently involves a high degree of risk. All of the mineral property interests of the Company are in the exploration stage and, consequently, may not result in any commercial discoveries.*

Mineral exploration involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. The property interests owned by the Company are in the exploration stage only, are without known bodies of commercial mineralization and the Company has no ongoing mining production at any of them. The Company's mineral exploration activities may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations. As well, the exploration and development activities of the Company may be disrupted by a variety of risks and hazards, which may be beyond the control of the Company. These risks include, but are not limited to, social and political activism and strife, litigation, labour stoppages, the inability to obtain adequate power, water, trained professionals and labour, including consultants or other experts, as well as suitable machinery and equipment. In addition, the Company may be unable to acquire or obtain such necessities as water and surface rights, which may be critical for the continued advancement of exploration and development activities on its mineral property rights.

- *Government expropriation may result in the total loss of the Company's mineral property interests.*

Even if the Company's mineral property interests are proven to host economic mineral resources, governmental expropriation may result in the total loss of the Company's mineral property interests without any compensation to the Company. Similarly, expropriation or shutdown of financial institutions or other entities the Company does business with could impact operations. Further, expropriation of or legal uncertainty affecting other businesses, in mining or other industries, could impact the Company's ability to operate and obtain financing, as well as its strategic options. Finally, expropriation need not be outright, there are many forms of creeping expropriation, through taxation and other mechanisms, that if applied could negatively impact the company's operations and prospects.

- *Governmental regulation may have negative impacts on the Company.*

The Company's assets and activities are subject to extensive Canadian, Finnish and Peruvian federal, state, provincial, territorial and local laws and regulations governing various matters, including, but not limited to:

  - land access, use and ownership;
  - water use;
  - environmental performance and protection;
  - land use designations;
  - social consultation and public referendums;
  - corporate social responsibility;
  - management and use of toxic substances and explosives;
  - rights over and management of natural resources, including minerals and water;
  - prospection, exploration, development and construction of mines, production and reclamation;
  - exports and imports;
  - taxation;
  - mining royalties;
  - restrictions on the movement of capital;
  - importation of equipment and goods;
  - transportation;
  - hiring practices and labour standards by the companies and contractors, as well as occupational health and safety, including mine safety;
  - reporting requirements related to investment, social and environmental impacts, health and safety, and other matters;
  - processes for preventing, controlling or halting artisanal or illegal mining activities; and,
  - historic and cultural preservation.

The costs associated with legal and regulatory compliance with laws and regulations are already substantial and future laws and regulations, changes to existing laws and regulations, or more stringent or modified application and enforcement of current laws and regulations by governmental or judicial authorities, could generate additional expenses, capital expenditures, delays in the development of the Company's properties, and even restrictions on or suspensions of Company operations. Moreover, laws and regulations could allow governmental authorities and private parties to bring complaints or lawsuits against the Company based upon alleged damage to property and/or injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, or possibly even actions or inaction by third parties, including those from whom the Company acquired its properties, and could lead to the imposition of substantial financial judgments, fines, penalties or other civil or criminal sanctions.

It is a challenge to comply strictly with all of the norms that apply to the Company. The Company retains competent and well-trained management, staff, professionals, attorneys, advisors and consultants in the different jurisdictions in which it does business; however, there is no certainty that both it and its contractors will continuously be compliant with all applicable laws and regulations. The failure to comply with all applicable norms could lead to financial restatements, fines, penalties and other material negative impacts on the Company.

- *Failure to comply strictly with applicable mining laws, regulations and local practices may have a material adverse impact on the Company's operations or business.*

While the Company seeks to fully comply with applicable laws, regulations and local practices, failure of the Company or government officials to comply strictly with applicable laws, regulations and local practices, including those relating to mineral rights applications and tenure, could result in processes that threaten loss, reduction, cancellation or expropriation of entitlements, or the imposition of local or foreign parties as joint venture partners with carried or other interests. Any such loss, reduction or imposition of partners could have a material adverse impact on the Company's operations or business. Furthermore, increasing complexity or novel judicial or regulatory interpretations of mining laws and regulations may render the Company incapable of strict compliance.

- *The exploration and the development of the Company's property interests are subject to extensive laws and regulations governing health, safety, environment and communities.*

The Company's exploration and mine development activities are subject to extensive laws and regulations governing the protection of the environment and water, waste disposal, worker and community safety, employee health, mine development, and preservation of archaeological remains, endangered and protected species, as well as extensive reporting and community engagement requirements, and more. The Company's ability to obtain permits and other approvals and to successfully operate in particular locations may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies or associations, or even artisanal or illegal miners affecting the environment, human health, and safety of nearby communities. Delays in obtaining or failure to secure government permits and approvals, or to secure evictions of illegal miners or other invaders, may adversely affect the Company's ability to access, explore or develop its properties. The Company has made, and expects to make in the future, significant expenditures to comply with laws and regulations and to the extent reasonably possible, generate social and economic benefit in nearby communities. Future changes to environmental laws, regulations and permitting processes or changes in their enforcement or regulatory interpretation could have an adverse impact on the Company's operating and financial condition.

- *The Company may not be able to obtain or renew permits that are necessary for its operations.*

In the ordinary course of business, the Company is required to obtain, as well as renew, government permits for exploration and development activities and any ultimate development, construction and commencement of new mining operations. Obtaining or renewing necessary permits can be a complex and time-consuming process, which at times may involve several political jurisdictions and different government agencies that may not have the necessary expertise, resources or political disposition needed for efficient and timely processing, and may require public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain and renew permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by permitting authorities, the expertise or diligence of civil servants, challenges presented by social and political actors, and the timeframes for agency decisions. The Company may not be able to obtain or renew permits that are necessary to its operations, or the cost to obtain or renew permits may exceed what the Company believes it can recover from a given property once in production. Any unexpected delays or costs associated with the permitting process could slow exploration and/or development or impede the eventual operation of a mine and could adversely impact the Company's operations and profitability.

- *The Company has no significant source of operating cash flow and failure to generate revenues in the future could cause it to go out of business.*

The Company has no revenues from ongoing operations and has recorded significant accumulated losses. Based upon current plans, the Company expects to incur operating losses in future periods due to ongoing expenses associated with the holding, exploration and development of the Company's mineral property interests. The Company will likely continue to have limited financial resources and its ability to achieve and maintain profitability and positive cash flow will remain dependent upon the Company being able to:

  - develop and/or locate a profitable mineral property;
  - generate revenues in excess of expenditures; and,
  - minimize exploration and administrative costs in the event revenues and/or financing availability are insufficient, in order to preserve available cash.

In order to stay in business, in the absence of positive cash flow from operations, the Company will have to raise funding through financing activities. However, in the event if needs to do so, there is no certainty the Company will be able to raise funds at all or on terms acceptable to the Company. Furthermore, additional funds raised by the Company through the issuance of equity or convertible debt securities would cause the Company's current shareholders to experience dilution. Such securities also may grant rights, preferences or privileges senior to those of the Company's common shareholders.

The Company does not have any contractual restrictions on its ability to incur debt and, accordingly, the Company could incur significant amounts of indebtedness to finance its operations. Any such indebtedness could contain restrictive covenants, which likely would restrict the Company's operations.

- *The mineral exploration industry is intensely competitive in all its phases and the Company competes with many companies, including those possessing greater financial resources and technical capabilities.*

The mineral exploration industry is intensely competitive in all its phases. The Company competes with many companies, including those possessing greater financial resources and technical capabilities, for the acquisition of mineral concessions, claims, leases, other mineral interests, and equipment required to conduct its activities as well as for the recruitment and retention of qualified employees, and contracting of attorneys, consultants and technical experts.

- *Even if the Company makes a discovery of commercial quantities of minerals, there is no assurance that there will be market demand for the resource and that the investment will earn an adequate return.*

There is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals discovered. These factors include: market fluctuations; domestic and international economic trends and political events; inflation or deflation; currency exchange fluctuations; interest rates and global or regional consumption patterns; speculative activities; and, government laws and regulations, including those relating to prices, taxes, royalties, land tenure, land use, labour, importing of equipment, importing and exporting of minerals, and environmental protection. The exact effect of any of these factors cannot be accurately predicted, but a combination of them may result in the Company not receiving an adequate return on invested capital or losing its invested capital.

- *Substantial expenditures are required to be made by the Company to establish mineral reserves and the Company may either not discover minerals in sufficient quantities or grades or not be able to obtain the required funds to develop a project on a timely basis.*

Substantial expenditures are required to establish mineral reserves through drilling and the estimation of mineral reserves or mineral resources in accordance with the Canadian Institute of Mining (CIM) Guidelines. Although significant benefits may be derived from the discovery of a major mineralized deposit, the Company may not discover minerals in sufficient quantities or grades to justify a commercial mining operation and the funds required for development may not be obtained on a timely basis or may not be obtainable on terms acceptable to the Company. Estimates of mineral reserves and mineral resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. In addition, the grades of minerals ultimately mined may differ from those indicated by drilling results. Material changes in mineral reserve or mineral resource estimates, grades, stripping ratios or recovery rates may affect the economic viability of any project.

- *Risks relating to inaccurate estimates of mineral resources, production, purchases, costs, decommissioning or reclamation expenses.*

Unless otherwise indicated, mineralization figures presented by the Company, in filings with securities regulatory authorities, press releases and other public statements that may be made from time to time, are based upon estimates made by Company personnel and independent geologists. These estimates are inherently imprecise, as they depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. As a result, there can be no assurance that mineral resource or other mineralization figures or estimates of costs (including initial capital costs and initial capital intensity) and expenses will be accurate, nor that the resource mineralization could be mined or processed profitably.

The Company has not commenced production at any of its properties, nor defined or delineated any proven or probable mineral reserves. Therefore, the mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by and inferred from drilling results. Furthermore, there can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or at production scale. As a result, the mineral resource and mineral reserve estimates that may be contained in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. In addition, extended declines in market prices for gold or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization.

The estimated parameters for the Company's projects may be changed as development and mining plans are generated and refined. These parameters would include estimates of how plants, equipment and processes may operate in the future at the Company's projects, for which cost and productivity estimates may prove to be incorrect.

Any material alteration in the above noted estimates, or of the Company's ability to extract mineralization from its projects, could have a material adverse effect on the Company's results or financial condition.

- *The inherent operational risks associated with mining, exploration and development, many of which are beyond the Company's control.*

The Company's activities are subject to a high degree of risk due to factors that, in many cases, cannot be foreseen or anticipated, or controlled. These risks include, but are not limited to, tectonic or weather activity that may provoke landslides, damage infrastructure or other impacts, labour disruptions, legislative and regulatory changes, crime, including corruption, the inability to obtain adequate sources of power, water, labour, suitable or adequate machinery and equipment, and expert attorneys and consultants. In addition, the Company may be unable to acquire or obtain such requirements as water rights and surface rights, which may be critical for the continued advancement of exploration, development and operational activities on its mineral concessions. These processes could generate delays and adverse decisions and could negatively impact project development and the Company's prospects.

- *Inadequate infrastructure may adversely affect the Company's operations and profitability.*

Mining, development, exploration and production activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power and fuel sources, as well as water supplies are important determinants which affect capital, as well as operating costs and safety. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of the Company's projects. If adequate infrastructure is not accessible, there can be no assurance that the development of the Company's projects will commence or be completed on a timely basis, if at all. In addition, unusual or infrequent weather phenomena, tectonic activity, sabotage, government, social or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations and profitability.

- *The Company currently has limited insurance covering its assets and operations and, as a consequence, could incur considerable costs.*

Mineral exploration involves risks, which, even with a combination of experience, knowledge and careful evaluation, mining exploration companies may not be able to overcome. Operations in which the Company has a direct or indirect interest may be subject to all the hazards and risks normally incidental to exploration of precious and non-precious metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company presently has very limited commercial liability insurance and does not intend to increase its liability insurance. As a result of having limited liability insurance, the Company could incur significant costs that may have a materially adverse effect upon its financial condition and even cause the Company to cease operations.

- *The Company's mineral property interests may be subject to prior unregistered agreements or transfers and therefore title to some of the Company's property interests may be affected.*

Although the Company has sought and received such representations as it has been able to achieve from vendors in connection with the acquisition of, or options to acquire, an interest in its mining properties, and has conducted reasonable investigations of legal title to each such property, the properties in which the Company has an interest may be subject to prior unregistered agreements or transfers or native land claims, or it is possible that title may be affected by undetected defects.

- *The prices of vanadium and base and precious metals have fluctuated significantly in recent years and may adversely affect the economic viability of any of the Company's mineral properties.*

The Company's revenues, if any, are expected to be almost entirely derived from the mining and sale of vanadium. The prices of commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control, including: international economic and political trends; expectations of inflation; currency exchange fluctuations; interest rates; consumption patterns; speculative activities; and, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of commodities, and, therefore, on the economic viability of any of the Company's mining properties, cannot be accurately predicted, but nonetheless may adversely impact the Company's ability to raise capital and conduct its operations.

- *All of the Company's subsidiaries and its mineral properties are in foreign countries and, therefore, a large portion of the Company's business may be exposed to political, economic, social, security, and other risks and uncertainties.*

The Company's mineral properties, and related subsidiaries, are located in Finland and Peru. It may, therefore, be exposed to various types and degrees of security, economic, labour, political, social and other risks and uncertainties that could arise in these foreign jurisdictions.

- *The Company's foreign subsidiary operations may impact its ability to fund operations efficiently, as well as the Company's valuation and stock price.*

The Company conducts operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

- *The value of the Company's common shares, as well as its ability to raise equity capital, may be impacted by future issuances of shares.*

The Company is authorized to issue an unlimited number of common shares without par value. The Company may issue more common shares in the future. Sales of substantial amounts of common shares (including shares issuable upon the exercise of stock options or warrants), or the perception that such sales could occur, could materially adversely affect prevailing market prices for the common shares and the ability of the Company to raise equity capital in the future.

- *The Company's future performance is dependent on key personnel. The temporary or permanent loss of the services of any of the Company's and its subsidiary's executives or directors could have a material adverse effect on the Company's business.*

The Company's performance is substantially dependent on the performance and continued efforts of the Company's executives and its board of directors. The loss of the services of any of the Company's executives or directors could have a material adverse effect on the Company business, results of operations and financial condition. The Company currently does not carry any key person insurance on any of its executives or directors. The Company has limited resources and is currently unable to compete with larger organizations with respect to compensation and perquisites.

- *The Company is exposed to financial risk arising from fluctuations in the exchange rates between the U.S. dollar, Euro, Peruvian Sol and the Canadian dollar.*

While the Company raises funding primarily in Canadian dollars its exploration expenditures are made in either Canadian dollars, U.S. dollars, Euros, Australian dollars or the Peruvian Sol. Accordingly, the Company is exposed to financial risk arising from fluctuations in the exchange rates between these currencies and the Canadian dollar, and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risks.