STRATEGIC RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2020

(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 September 30, 2020 and 2019 have not been reviewed by the Company's external auditors.

STRATEGIC RESOURCES INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited

(expressed in Canadian dollars)

	Note	September 30, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 311,985	$ 1,209,221
Receivables	4	6,530	21,143
Prepaid expenses		10,601	33,884
Total current assets		329,116	1,264,248
Non-current assets			
Environmental deposits		21,884	17,500
Exploration and evaluation assets	5(a)	4,948,452	4,294,224
Total assets		$ 5,299,452	$ 5,575,972
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	$ 43,300	$ 55,287
Total liabilities		43,300	55,287
EQUITY			
Share capital	7	17,661,124	17,075,709
Contributed surplus – warrants		4,864,517	4,870,766
Contributed surplus – options		2,766,944	2,577,839
Accumulated other comprehensive income (loss)		10,531	(3,400)
Accumulated deficit		(20,046,964)	(19,000,229)
Total equity		5,256,152	5,520,685
Total liabilities and equity		$ 5,299,452	$ 5,575,972

Going concern (Note 2(b))
Commitments (Note 16)
Post-reporting date event (Note 17)

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 nine months ended September 30, 2020 and 2019

Unaudited

(expressed in Canadian dollars)

	Note	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Expenses					
Exploration and evaluation ("E&E") expenditures	5(b)	$ 49,504	$ 192,280	$ 194,906	$ 575,590
Pre exploration and evaluation expenditures		2,903	31,795	10,352	168,021
Fees, salaries and other employee benefits	9	191,666	107,702	574,590	300,013
General and administration ("G&A")		37,468	49,631	97,306	98,716
Professional fees		18,612	81,565	111,109	193,777
		(300,153)	(462,973)	(988,263)	(1,336,117)
Other income (expenses)					
Impairment	5(a)	(61,010)	-	(61,010)	-
Interest income and other		-	7,345	2,677	8,340
Interest, accretion expense and loss on settlement of loan		-	-	-	(10,260)
Foreign exchange (loss) gain		(108)	(45)	(139)	48
		(61,118)	7,300	(58,472)	(1,872)
Net loss for the period		(361,271)	(455,673)	(1,046,735)	(1,337,989)
Other comprehensive income (loss)					
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations		3,928	(450)	13,931	(1,031)
Total comprehensive loss for the period		$ (357,343)	$ (456,123)	$ (1,032,804)	$ (1,339,020)
Loss per share – basic and diluted	10	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.07)
Weighted average number of shares outstanding – basic and diluted	10	33,267,137	31,147,258	31,998,945	18,188,258

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

STRATEGIC RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2020 and 2019

Unaudited

(expressed in Canadian dollars)

	Note	Nine months ended September 30, 2020	2019
Operating activities			
Loss for the period		$ (1,046,735)	$ (1,337,989)
Adjustment for non-cash items:			
Loss on settlement of loan		-	6,039
Interest accretion		-	4,221
Impairment	5(a)	61,010	-
Share-based payment	8(a)	189,105	-
Deduct: interest income		(2,677)	(8,340)
Net changes in non-cash working capital items:			
Receivables		14,613	(5,493)
Prepaid expenses		23,283	(8,440)
Accounts payable and accrued liabilities		(11,987)	68,321
Net cash utilized in operating activities		(773,388)	(1,281,681)
Investing activities			
Acquisition of exploration and evaluation assets	5(a)	(229,690)	(704,502)
Environmental deposits		(2,900)	-
Interest received		2,677	8,340
Net cash utilized in investing activities		(229,913)	(696,162)
Financing activities			
Proceeds from loan		-	100,000
Repayment of loan		-	(100,000)
Interest paid on loan		-	(4,011)
Shares issued		-	3,700,000
Cost to issue shares		-	(93,648)
Shares issued on exercise of warrants	7	99,999	-
Net cash provided by financing activities		99,999	3,602,341
(Decrease) increase in cash and cash equivalents		(903,302)	1,624,498
Effect of foreign exchange on cash and cash equivalents		6,066	(850)
Cash and cash equivalents, beginning of period		1,209,221	36,253
Cash and cash equivalents, end of period	3	$ 311,985	$ 1,659,901

Non-cash investing and financing activities: see Notes 5(a) and 7 for details of shares issued to acquire exploration and evaluation assets.

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

For the nine months ended September 30, 2020 and 2019

Unaudited

(expressed in Canadian dollars)

		Share Capital		Contributed Surplus		Other Comprehensive	Accumulated	
	Note	Number of shares	Amount	Warrants	Options	Income (Loss)	Deficit	Total
Balance, December 31, 2018		9,173,302	$ 9,878,287	$ 4,864,517	$ 2,343,981	$ -	$ (17,077,948)	$ 8,837
Warrants issued		-	-	6,249	-	-	-	6,249
Shares issued – Silasselkä Property		3,387,000	2,066,070	-	-	-	-	2,066,070
Shares issued – Akanvaara Property		2,500,000	1,525,000	-	-	-	-	1,525,000
Shares issued, net of issue costs		16,086,956	3,606,352	-	-	-	-	3,606,352
Foreign currency translation adjustment		-	-	-	-	(1,031)	-	(1,031)
Net loss		-	-	-	-	-	(1,337,989)	(1,337,989)
Balance, September 30, 2019		31,147,258	$ 17,075,709	$ 4,870,766	$ 2,343,981	$ (1,031)	$ (18,415,937)	$ 5,873,488
Balance, December 31, 2019		31,147,258	$ 17,075,709	$ 4,870,766	$ 2,577,839	$ (3,400)	$ (19,000,229)	$ 5,520,685
Shares issued – Silasselkä Property	5(a), 7	1,916,667	479,167	-	-	-	-	479,167
Exercise of warrants	7	434,780	106,248	(6,249)	-	-	-	99,999
Share-based payment	8(a)	-	-	-	189,105	-	-	189,105
Foreign currency translation adjustment		-	-	-	-	13,931	-	13,931
Net loss		-	-	-	-	-	(1,046,735)	(1,046,735)
Balance, September 30, 2020		33,498,705	$ 17,661,124	$ 4,864,517	$ 2,766,944	$ 10,531	$ (20,046,964)	$ 5,256,152

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 batteries and the electrification of the economy. 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 nine months ended September 30, 2020 and 2019, 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, 2019 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 November 18, 2020.

(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 $20,046,964 as at September 30, 2020 and has reported a net loss of $1,046,735 for the nine months ended September 30, 2020. 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 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. The COVID-19 pandemic remains ongoing. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and capital markets are not known at this time. While the Company believes that it will be able to raise additional funds and/or reduce expenditures to continue as a going concern there is no assurance that the Company will be successful in obtaining additional funding at an acceptable cost as and when needed, or at all. 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 consolidated financial statements for the year ended December 31, 2019. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements.

(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.

(expressed in Canadian dollars)

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

(d) Significant accounting judgments and estimates (continued)

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 Strategic and its Canadian subsidiaries is the Canadian dollar while the functional currency for its Finnish subsidiary is the Euro and its Peruvian subsidiary is the U.S. Dollar.

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).

Share-based payments: The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based payment calculation value.

(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 September 30, 2020 and December 31, 2019 were as follows:

		September 30, 2020		December 31, 2019
Cash at bank and in hand – Canadian dollars	$	278,537	$	78,642
Cash at bank and in hand – U.S. dollars		8,898		5,195
Cash at bank and in hand – Euros		23,868		110,268
Cash at bank and in hand – Peruvian Soles		682		1,247
Cash equivalents (GIC) – Canadian dollars		-		1,013,869
	$	311,985	$	1,209,221

4. RECEIVABLES

The balance at September 30, 2020 of $6,530 consists of recoverable goods and services tax in Canada and recoverable VAT in Finland (December 31, 2019 - $21,143).

(expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

(a) Exploration and evaluation assets

At September 30, 2020, the Group held two option agreements for vanadium projects in Finland, certain mineral concession reservations in Finland and mineral concessions in Peru. The carrying values of the projects held are summarized below as at September 30, 2020:

	Mustavaara	Silasselkä	Akanvaara	Peru	**TOTAL**
Balance, December 31, 2019	$ -	$ 2,566,070	$ 1,668,750	$ 59,404	**$ 4,294,224**
Acquisition costs:					
Cash payments	229,690	-	-	-	**229,690**
Shares issued	-	479,167	-	-	**479,167**
Foreign exchange adjustments	4,775	-	-	1,606	**6,381**
Impairment	-	-	-	(61,010)	**(61,010)**
Balance, September 30, 2020	$ 234,465	$ 3,045,237	$ 1,668,750	$ -	**$ 4,948,452**

Mustavaara Project ("Mustavaara")

In February 2020 the Company successfully applied for mineral reservations over the Mustavaara mine area in Finland and signed a definitive agreement with the bankruptcy estate of Ferrovan Oy ("Ferrovan") to acquire all of the intellectual property, core samples and storage facilities associated with Mustavaara for €150,000. An initial payment of €50,000 ($72,870) was made on February 7, 2020 with the remaining balance due on closing of the agreement with Ferrovan. The final payment of €100,000 ($156,820) and agreement with Ferrovan were completed on July 28, 2020.

Silasselkä Project ("Silasselkä")

Effective June 10, 2019, the Company concluded a property option and joint venture agreement with Aurion Resources Ltd. ("Aurion") (the "Aurion Agreement") for Silasselkä which comprised 7 claims, 4 exploration licenses and 2 exploration reservations in northern Finland. Under the terms of the Aurion Agreement, the Company could acquire up to a 100% interest in Silasselkä through a two stage earn-in process. The first earn-in to acquire a 75% stake in Silasselkä required: (i) issuing 3,000,000 common shares of the Company and a payment of $500,000 to Aurion (completed during the year ended December 31, 2019); (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 was to be achieved once the Company had acquired a 75% interest in Silasselkä, whereby it could 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 common shares of the Company was paid in connection with the Aurion Agreement.

On June 16, 2020, the Company agreed to a revision of the terms of the Aurion Agreement whereby Aurion agreed to waive the required expenditures on the project totalling $3,000,000 and simplified the earn-in to a single option to earn 100% on completion of all required share issuances. 1,916,667 common shares of the Company were issued to Aurion on June 10, 2020. In order to complete the earn-in on the Aurion Agreement, the Company will be required to issue 1,916,667 common shares by June 10, 2021 and 1,166,666 common shares by June 10, 2022.

Under the terms of the Aurion Agreement, and in the event that the Company exercises the 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 the end of November 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.

(expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(a) Exploration and evaluation assets (continued)

Akanvaara Project ("Akanvaara")

Effective June 10, 2019, the Company concluded a property option and joint venture agreement with Magnus Minerals Oy ("Magnus") (the "Magnus Agreement") for Akanvaara which comprised an exploration permit and a reservation 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 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 (both completed during the year ended December 31, 2019); (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 obtained mineral claims across six discrete land packages in Peru. At September 30, 2020, the Company wrote-down the carrying value of the mineral claims to $Nil given the very limited expenditures on the claim areas in the year to date.

(b) Exploration and evaluation expenditures

The Group's exploration and evaluation expenditures on its projects for the three and nine months ended September 30, 2020 and 2019 are detailed in the tables below.

	Three months ended September 30, 2020				
	Mustavaara	Silasselkä	Akanvaara	Peru	**TOTAL**
Geological consulting / staff	$ 37,149	$ 352	$ 117	$ 1,450	**$ 39,068**
Mineral rights / access	-	-	9,300	-	**9,300**
Project management	1,136	-	-	-	**1,136**
Costs incurred during the period	$ 38,285	$ 352	$ 9,417	$ 1,450	**$ 49,504**
Cumulative E&E incurred, beginning of period	$ 73,655	$ 169,421	$ 504,956	$ 23,488	**$ 771,520**
E&E incurred during the period	38,285	352	9,417	1,450	**49,504**
Cumulative E&E incurred, end of period	$ 111,940	$ 169,773	$ 514,373	$ 24,938	**$ 821,024**

	Three months ended September 30, 2019			
	Silasselkä	Akanvaara	Peru	**TOTAL**
Assays / Sampling	$ -	$ 39,141	$ 809	**$ 39,950**
Drilling	-	40,091	-	**40,091**
Field office	147	9,325	20	**9,492**
Geological consulting / staff	8,630	39,653	12,462	**60,745**
Mineral rights / access	14,502	12,008	-	**26,510**
Project management	295	6,765	-	**7,060**
Transportation and accommodation	1,078	7,210	144	**8,432**
Costs incurred during the period	$ 24,652	$ 154,193	$ 13,435	**$ 192,280**
Cumulative E&E incurred, beginning of period	$ 62,189	$ 313,498	$ 7,623	**$ 383,310**
E&E incurred during the period	24,652	154,193	13,435	**192,280**
Cumulative E&E incurred, end of period	$ 86,841	$ 467,691	$ 21,058	**$ 575,590**

(expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

(b) Exploration and evaluation expenditures (continued)

	Nine months ended September 30, 2020				
	Mustavaara	Silasselkä	Akanvaara	Peru	**TOTAL**
Assays / Sampling	$ 20,169	$ -	$ 24,220	$ -	**$ 44,389**
Field office	1,784	3,656	361	-	**5,801**
Geological consulting / staff	76,265	7,675	3,438	1,450	**88,828**
Mineral rights / access	6,427	26,264	14,733	-	**47,424**
Project management	5,968	199	314	-	**6,481**
Transportation and accommodation	1,327	328	328	-	**1,983**
Costs incurred during the period	$ 111,940	$ 38,122	$ 43,394	$ 1,450	**$ 194,906**
Cumulative E&E incurred, beginning of period	$ -	$ 131,651	$ 470,979	$ 23,488	**$ 626,118**
E&E incurred during the period	111,940	38,122	43,394	1,450	**194,906**
Cumulative E&E incurred, end of period	$ 111,940	$ 169,773	$ 514,373	$ 24,938	**$ 821,024**

	Nine months ended September 30, 2019			
	Silasselkä	Akanvaara	Peru	**TOTAL**
Assays / Sampling	$ -	$ 49,485	$ 809	**$ 50,294**
Drilling	-	187,115	-	**187,115**
Field office	7,035	25,749	956	**33,740**
Geological consulting / staff	45,639	159,492	15,417	**220,548**
Mineral rights / access	29,352	12,008	-	**41,360**
Project management	1,075	20,196	-	**21,271**
Transportation and accommodation	3,740	13,646	3,876	**21,262**
Costs incurred during the period	$ 86,841	$ 467,691	$ 21,058	**$ 575,590**
Cumulative E&E incurred, beginning of period	$ -	$ -	$ -	**$ -**
E&E incurred during the period	86,841	467,691	21,058	**575,590**
Cumulative E&E incurred, end of period	$ 86,841	$ 467,691	$ 21,058	**$ 575,590**

6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	September 30, 2020	December 31, 2019
Trade payables	$ 38,668	$ 53,137
Accrued liabilities	4,632	2,150
	$ 43,300	$ 55,287

7. SHARE CAPITAL

Authorized: Unlimited common shares, without par value.

Issued and fully paid:	Number of Common Shares	Amount
Balance, December 31, 2019	31,147,258	$ 17,075,709
Shares issued – Silasselkä Property (a)	1,916,667	479,167
Shares issued on exercise of warrants (b)	434,780	106,248
Balance, September 30, 2020	33,498,705	$ 17,661,124

(a) In connection with the Aurion Agreement to acquire Silasselkä (see Note 5(a)), on June 10, 2020, the Company issued 1,916,667 shares to Aurion at a value of $0.25 per common share, being the closing price of the shares on the TSX-V on the day of issuance.

(b) In August 2020, 434,780 warrants were exercised at an exercise price of $0.23 per common share for total proceeds of $99,999. The previously recognized contributed surplus amount relating to these warrants was reclassified from contributed surplus - warrants to share capital in the amount of $6,249

(expressed in Canadian dollars)

8. SHARE-BASED PAYMENTS AND WARRANTS

The reserves recorded in equity on the Company's condensed consolidated interim statements of financial position 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 nine months ended September 30, 2020, the Company granted no stock options (nine months ended September 30, 2019 – none). Pursuant to the Company's accounting policy for share-based payments, the fair value of options vesting during the three and nine months ended September 30, 2020, in the amounts of $63,495 and $189,105, respectively (three and nine months ended September 30, 2019 - $Nil) have been recorded in the condensed consolidated interim statement of comprehensive loss and has been included in fees, salaries and other employee benefits (Note 9).

(b) Outstanding stock options

Stock options and weighted average exercise prices are as follows for the reporting periods presented:

	Three and nine months ended September 30, 2020			2019		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning and end of period	2,015,000	$	0.25	-	$	-

At September 30, 2020, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

Options Outstanding				Options Exercisable	
Number of Options	Expiry Date	Weighted average life (years)	Exercise Price	Number of Options	Exercise Price
2,015,000	October 21, 2024	4.06	$ 0.25	671,671	$ 0.25

(c) Warrants

The Company has, historically, issued share purchase warrants as part of units issued in private placements for cash and in connection with loans. No warrants were granted during the nine months ended September 30, 2020 (nine months ended September 30, 2019 – 434,780 warrants issued 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)

8. SHARE-BASED PAYMENTS AND WARRANTS (continued)

(c) 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 nine months ended September 30, 2020 and 2019:

	Three months ended September 30, 2020			2019		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of period	434,780	$	0.23	434,780	$	0.23
Warrants exercised	(434,780)		0.23	-		-
Outstanding, end of period	-	$	-	434,780	$	0.23

	Nine months ended September 30, 2020			2019		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of period	434,780	$	0.23	-	$	-
Warrants issued	-		-	434,780		0.23
Warrants exercised	(434,780)		0.23	-		-
Outstanding, end of period	-	$	-	434,780	$	0.23

9. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS

	Three months ended September 30, 2020		2019		Nine months ended September 30, 2020		2019	
Fees and salaries	$	126,270	$	105,270	$	378,810	$	295,240
Social security		1,901		2,432		6,675		4,773
Share-based payment (Note 8(a))		63,495		-		189,105		-
	$	191,666	$	107,702	$	574,590	$	300,013

10. LOSS PER SHARE

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

	Three months ended September 30, 2020		2019	
Net loss	$	361,271	$	455,673
Weighted average number of common shares outstanding (basic and diluted)		33,267,137		31,147,258
Loss per share – basic and diluted	$	0.01	$	0.01

(expressed in Canadian dollars)

10. LOSS PER SHARE (continued)

	Nine months ended September 30, 2020	2019
Net loss	$ 1,046,735	$ 1,337,989
Weighted average number of common shares outstanding (basic and diluted)	31,998,945	18,188,258
Loss per share – basic and diluted	$ 0.03	$ 0.07

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. 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.

All of the Company's stock options and warrants (see Note 8) were anti-dilutive for the three and nine months ended September 30, 2020 and 2019.

11. 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 income (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.

12. FINANCIAL INSTRUMENTS

(a) Categories of financial assets and financial liabilities

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

	Note	Category	September 30, 2020	December 31, 2019
Cash and cash equivalents	3	Amortized cost	$ 311,985	$ 1,209,221
Accounts payable and accrued liabilities	6	Amortized cost	$ 43,300	$ 55,287

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 condensed consolidated interim statements of comprehensive loss under the caption "interest income and other."

(b) Categories of financial assets and financial liabilities

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)

13. 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 $311,985 at September 30, 2020 (December 31, 2019 - $1,209,221). 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 September 30, 2020, the Group's cash and cash equivalents were held at four financial institutions (December 31, 2019 – four financial institutions).

(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 September 30, 2020, the Group's current liabilities consisted of accounts payable and accrued liabilities of $43,300 which are due primarily within three months from the period end. The Group's cash and cash equivalents of $311,985 at September 30, 2020, 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 September 30, 2020, 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 $3,100 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 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 September 30, 2020.

Financial Instrument Type		Canadian Dollar	Currency		+/- 1% Fluctuation	
Cash	$	6,573	U.S. Dollar	$	66	(66)
Cash		682	Peruvian Sol		7	(7)
Accounts payable		(92)	U.S. Dollar		(1)	1
	$	7,163		$	72	(72)

(expressed in Canadian dollars)

13. FINANCIAL INSTRUMENT RISKS (continued)

(c) Market Risks (continued)

Other Price Risk

The Group did not hold any financial instruments that had direct exposure to other price risks at September 30, 2020.

14. 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 September 30, 2020 and 2019 are as follows:

	September 30, 2020			
	Canada	Finland	Peru	Total
Current assets	$ 299,720	$ 25,282	$ 4,114	$ 329,116
Environmental deposits	-	21,884	-	21,884
Exploration and evaluation assets	-	4,948,452	-	4,948,452
Total assets	$ 299,720	$ 4,995,618	$ 4,114	$ 5,299,452
Current liabilities	$ 37,136	$ 6,164	$ -	$ 43,300
Total liabilities	$ 37,136	$ 6,164	$ -	$ 43,300

	December 31, 2019			
	Canada	Finland	Peru	Total
Current assets	$ 1,132,810	$ 124,679	$ 6,759	$ 1,264,248
Environmental deposits	-	17,500	-	17,500
Exploration and evaluation assets	-	4,234,820	59,404	4,294,224
Total assets	$ 1,132,810	$ 4,376,999	$ 66,163	$ 5,575,972
Current liabilities	$ 6,949	$ 48,338	$ -	$ 55,287
Total liabilities	$ 6,949	$ 48,338	$ -	$ 55,287

	Three months ended September 30, 2020			
	Canada	Finland	Peru	Total
Expenses	$ 231,517	$ 66,415	$ 2,221	$ 300,153
Other expenses	102	-	61,016	61,118
Net loss for the period	$ 231,619	$ 66,415	$ 63,237	$ 361,271

	Three months ended September 30, 2019			
	Canada	Finland	Peru	Total
Expenses	$ 239,900	$ 196,235	$ 26,838	$ 462,973
Other (income) expenses	(7,345)	-	45	(7,300)
Net loss for the period	$ 232,555	$ 196,235	$ 26,883	$ 455,673

(expressed in Canadian dollars)

14. SEGMENTED DISCLOSURE (continued)

Geographic segments (continued)

	Nine months ended September 30, 2020			
	Canada	Finland	Peru	Total
Expenses	$ 721,215	$ 262,762	$ 4,286	$ 988,263
Other (income) expenses	(2,575)	-	61,047	58,472
Net loss for the period	$ 718,640	$ 262,762	$ 65,333	$ 1,046,735

	Nine months ended September 30, 2019			
	Canada	Finland	Peru	Total
Expenses	$ 722,671	$ 572,870	$ 40,576	$ 1,336,117
Other expenses	1,830	-	42	1,872
Net loss for the period	$ 724,501	$ 572,870	$ 40,618	$ 1,337,989

15. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS

Information about subsidiaries

These condensed consolidated interim financial statements include the following subsidiaries:

		% Equity interest at	
	Country of Incorporation	September 30, 2020	December 31, 2019
Strategic Resources (Finland) Inc.	Canada	100	100
Strategic Resources (Peru) Inc.	Canada	100	100
Strategic Explorations Oy	Finland	100	100
Minera Strategic Peru S.A.C.	Peru	100	100

Related party expenses and balances

The Group incurred the following expenses with related parties:

		Three months ended September 30,	
Company	Nature of transactions	2020	2019
Miedzi Copper Corp	G&A	$ 16,844	$ 17,658
Miedzi Copper Corp	E&E (Geological consulting)	1,450	-
Miedzi Copper Corp	Pre E&E	2,904	-
Lumina Gold Corp	G&A	-	6,382
Hathaway Consulting Ltd.	Fees	21,000	21,000
Into the Blue Management Inc.	Fees	27,000	27,000
Lyle E Braaten Law Corp.	Fees	22,470	22,470
		$ 91,668	$ 94,510

		Nine months ended September 30,	
Company	Nature of transactions	2020	2019
Miedzi Copper Corp	G&A	$ 45,518	$ 29,580
Miedzi Copper Corp	E&E (Geological consulting)	1,450	-
Miedzi Copper Corp	Pre E&E	2,904	-
Lumina Gold Corp	G&A	549	6,382
622738 B.C. Ltd.	Fees	-	50,000
Brassard Consulting Ltd.	Fees	-	34,700
Hathaway Consulting Ltd.	Fees	63,000	42,000
Into the Blue Management Inc.	Fees	81,000	54,000
Lyle E Braaten Law Corp.	Fees	67,410	44,940
		$ 261,831	$ 261,602

(expressed in Canadian dollars)

15. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS (continued)

Related party expenses and balances (continued)

Miedzi Copper Corp. and Lumina Gold Corp are considered companies 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. No amounts were owing to related parties at September 30, 2020 (December 31, 2019 - $Nil).

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 September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Short-term benefits (i)	$ 91,470	$ 91,470	$ 274,410	$ 274,410
Share-based payments (ii)	47,897	-	142,653	-
Total remuneration	$ 139,367	$ 91,470	$ 417,063	$ 274,410

(i) Short-term benefits include fees and salaries.
(ii) Share-based payments amounts equate to the share-based payment expense during the period as expensed in the consolidated statements of comprehensive loss.
(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the periods ended September 30, 2020 and 2019.

16. COMMITMENTS

As at September 30, 2020, the Group has entered into agreements that are not recognized as right-of-use assets and that include rental agreements, that require minimum payments in the aggregate as follows:

Due within one year	$ 8,651

17. POST-REPORTING DATE EVENT

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of the condensed consolidated interim financial statements except that on October 20, 2020, the Company closed a non-brokered private placement whereby a total of 7,170,000 units (“Units”) were issued at a price of $0.35 per Unit for aggregate gross proceeds of approximately $2.5 million. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.55 per common share at any time during the 18-month period following the closing of the private placement.