

# STRATEGIC RESOURCES

STRATEGIC RESOURCES INC.



## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2021

(Unaudited)

TSX-V: SR



[www.strategic-res.com](http://www.strategic-res.com)

**NOTICE OF NO AUDITOR REVIEW**

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended March 31, 2021 and 2020 have not been reviewed by the Company's external auditors.

**STRATEGIC RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

Unaudited

(expressed in Canadian dollars)

|   | Note | March 31, 2021      | December 31, 2020   |
|---|------|---------------------|---------------------|
| <b>ASSETS</b>                                 |      |                     |                     |
| <b>Current assets</b>                         |      |                     |                     |
| Cash and cash equivalents                     | 3    | \$ 1,934,545        | \$ 2,228,090        |
| Receivables                                   | 4    | 9,727               | 11,778              |
| Prepaid expenses                              |      | 9,072               | 6,630               |
| <b>Total current assets</b>                   |      | <b>1,953,344</b>    | <b>2,246,498</b>    |
| <b>Non-current assets</b>                     |      |                     |                     |
| Environmental deposits                        |      | 24,352              | 25,753              |
| Exploration and evaluation assets             | 5(a) | 3,266,622           | 3,279,357           |
| <b>Total assets</b>                           |      | <b>\$ 5,244,318</b> | <b>\$ 5,551,608</b> |
| <b>LIABILITIES</b>                            |      |                     |                     |
| <b>Current liabilities</b>                    |      |                     |                     |
| Accounts payable and accrued liabilities      | 6    | \$ 15,085           | \$ 26,613           |
| <b>Total liabilities</b>                      |      | <b>15,085</b>       | <b>26,613</b>       |
| <b>EQUITY</b>                                 |      |                     |                     |
| Share capital                                 | 7    | 20,108,235          | 20,108,235          |
| Contributed surplus – warrants                |      | 4,864,517           | 4,864,517           |
| Contributed surplus – options                 |      | 2,963,612           | 2,910,797           |
| Accumulated other comprehensive (loss) income |      | (6,310)             | 10,130              |
| Accumulated deficit                           |      | (22,700,821)        | (22,368,684)        |
| <b>Total equity</b>                           |      | <b>5,229,233</b>    | <b>5,524,995</b>    |
| <b>Total liabilities and equity</b>           |      | <b>\$ 5,244,318</b> | <b>\$ 5,551,608</b> |

Going concern (Note 2(b))

Commitments (Note 16)

Post-reporting date event (Note 17)

APPROVED BY THE DIRECTORS

*“Scott Hicks”*

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CEO and Director

*“Mark Serdan”*

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Director

*See Accompanying Notes to the Condensed Consolidated Interim Financial Statements*

**STRATEGIC RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

For the three months ended March 31, 2021 and 2020

Unaudited

(expressed in Canadian dollars)

|   | Note | Three months ended March 31, |              |
|---|------|------------------------------|--------------|
|   |      | 2021                         | 2020         |
| <b>Expenses</b>   |      |                              |              |
| Exploration and evaluation ("E&E") expenditures   | 5(b) | \$ 71,001                    | \$ 85,320    |
| Pre exploration and evaluation expenditures   |      | 471                          | 5,100        |
| Fees, salaries and other employee benefits  | 9    | 181,513                      | 191,481      |
| General and administration ("G&A")  |      | 36,397                       | 31,108       |
| Professional fees   |      | 44,207                       | 53,085       |
|   |      | (333,589)                    | (366,094)    |
| <b>Other income (expenses)</b>  |      |                              |              |
| Interest income and other   |      | 1,355                        | 2,677        |
| Foreign exchange gain   |      | 97                           | 5            |
|   |      | 1,452                        | 2,682        |
| <b>Net loss for the period</b>  |      | (332,137)                    | (363,412)    |
| <b>Other comprehensive (loss) income</b>  |      |                              |              |
| <i>Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods</i> |      |                              |              |
| Exchange differences on translation of foreign operations   |      | (16,440)                     | 15,359       |
| <b>Total comprehensive loss for the period</b>  |      | \$ (348,577)                 | \$ (348,053) |
| Loss per share – basic and diluted  | 10   | \$ (0.01)                    | \$ (0.01)    |
| Weighted average number of shares outstanding – basic and diluted                                   | 10   | 40,668,705                   | 31,147,258   |

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

**STRATEGIC RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

**For the three months ended March 31, 2021 and 2020**

Unaudited

(expressed in Canadian dollars)

|   | Note     | Three months ended March 31, |                   |
|---|----------|------------------------------|-------------------|
|   |          | 2021                         | 2020              |
| <b>Operating activities</b>                             |          |                              |                   |
| Loss for the period                                     |          | \$ (332,137)                 | \$ (363,412)      |
| Adjustment for non-cash items:                          |          |                              |                   |
| Share-based payment                                     | 8        | 52,815                       | 62,805            |
| Deduct: interest income                                 |          | (41)                         | (2,677)           |
| Net changes in non-cash working capital items:          |          |                              |                   |
| Receivables   |          | 2,051                        | 12,773            |
| Prepaid expenses  |          | (2,442)                      | 26,499            |
| Accounts payable and accrued liabilities                |          | (11,528)                     | (42,232)          |
| <b>Net cash utilized in operating activities</b>        |          | <b>(291,282)</b>             | <b>(306,244)</b>  |
| <b>Investing activities</b>                             |          |                              |                   |
| Acquisition of exploration and evaluation assets        | 5(a)     | -                            | (72,870)          |
| Environmental deposits                                  |          | -                            | (2,900)           |
| Interest received                                       |          | 41                           | 2,677             |
| <b>Net cash from (utilized in) investing activities</b> |          | <b>41</b>                    | <b>(73,093)</b>   |
| Decrease in cash and cash equivalents                   |          | (291,241)                    | (379,337)         |
| Effect of foreign exchange on cash and cash equivalents |          | (2,304)                      | 3,407             |
| Cash and cash equivalents, beginning of period          |          | 2,228,090                    | 1,209,221         |
| <b>Cash and cash equivalents, end of period</b>         | <b>3</b> | <b>\$ 1,934,545</b>          | <b>\$ 833,291</b> |

*See Accompanying Notes to the Condensed Consolidated Interim Financial Statements*

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

**For the three months ended March 31, 2021 and 2020**

Unaudited

(expressed in Canadian dollars)

|   | Note | Share Capital    |               | Contributed Surplus |              | Other Comprehensive<br>Income (Loss) | Accumulated<br>Deficit | Total        |
|---|------|------------------|---------------|---------------------|--------------|--------------------------------------|------------------------|--------------|
|   |      | Number of shares | Amount        | Warrants            | Options      |                                      |                        |              |
| <b>Balance, December 31, 2019</b>       |      | 31,147,258       | \$ 17,075,709 | \$ 4,870,766        | \$ 2,577,839 | \$ (3,400)                           | \$ (19,000,229)        | \$ 5,520,685 |
| Share-based payment                     | 8    | -                | -             | -                   | 62,805       | -                                    | -                      | 62,805       |
| Foreign currency translation adjustment |      | -                | -             | -                   | -            | 15,359                               | -                      | 15,359       |
| Net loss                                |      | -                | -             | -                   | -            | -                                    | (363,412)              | (363,412)    |
| <b>Balance, March 31, 2020</b>          |      | 31,147,258       | \$ 17,075,709 | \$ 4,870,766        | \$ 2,640,644 | \$ 11,959                            | \$ (19,363,641)        | \$ 5,235,437 |
| <b>Balance, December 31, 2020</b>       |      | 40,668,705       | \$ 20,108,235 | \$ 4,864,517        | \$ 2,910,797 | \$ 10,130                            | \$ (22,368,684)        | \$ 5,524,995 |
| Share-based payment                     | 8    | -                | -             | -                   | 52,815       | -                                    | -                      | 52,815       |
| Foreign currency translation adjustment |      | -                | -             | -                   | -            | (16,440)                             | -                      | (16,440)     |
| Net loss                                |      | -                | -             | -                   | -            | -                                    | (332,137)              | (332,137)    |
| <b>Balance, March 31, 2021</b>          |      | 40,668,705       | \$ 20,108,235 | \$ 4,864,517        | \$ 2,963,612 | \$ (6,310)                           | \$ (22,700,821)        | \$ 5,229,233 |

*See Accompanying Notes to the Condensed Consolidated Interim Financial Statements*

**STRATEGIC RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three months ended March 31, 2021 and 2020**

Unaudited

(expressed in Canadian dollars)

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**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 months ended March 31, 2021 and 2020, 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, 2020 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 May 13, 2021.

**(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 \$22,700,821 as at March 31, 2021 and has reported a net loss of \$332,137 for the three months ended March 31, 2021. 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 financial statements for the year ended December 31, 2020. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements.

**STRATEGIC RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three months ended March 31, 2021 and 2020**

Unaudited

(expressed in Canadian dollars)

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

**(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.

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, nor has it identified any such standard or interpretation that is expected to have a material impact on the Group's consolidated financial statements.

**3. CASH AND CASH EQUIVALENTS**

The Group's cash and cash equivalents, by underlying currency presented in Canadian dollars, at March 31, 2021 and December 31, 2020 were as follows:

|   | March 31, 2021      | December 31, 2020   |
|---|---------------------|---------------------|
| Cash at bank and in hand – Canadian dollars | \$ 7,942            | \$ 210,472          |
| Cash at bank and in hand – U.S. dollars     | 3,773               | 1,347               |
| Cash at bank and in hand – Euros            | 22,167              | 15,600              |
| Cash at bank and in hand – Peruvian Soles   | 564                 | 614                 |
| Cash equivalents (GIC) – Canadian dollars   | 1,900,099           | 2,000,057           |
|   | <b>\$ 1,934,545</b> | <b>\$ 2,228,090</b> |



**STRATEGIC RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three months ended March 31, 2021 and 2020**

Unaudited

(expressed in Canadian dollars)

**4. RECEIVABLES**

The Group's receivables are as follows:

|   |    | March 31, 2021 |    | December 31, 2020 |
|---|----|----------------|----|-------------------|
| Recoverable goods and services tax (Canada) | \$ | 6,409          | \$ | 7,601             |
| Recoverable VAT (Finland)                   |    | 1,564          |    | 3,735             |
| Other                                       |    | 1,754          |    | 442               |
|   | \$ | 9,727          | \$ | 11,778            |

**5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES**

**(a) Exploration and evaluation assets**

At March 31, 2021, the Group held one option agreement for a vanadium project in Finland (December 31, 2020 – one), certain mineral concession reservations in Finland and mineral concessions in Peru. The carrying values of the projects held are summarized below as at March 31, 2021:

|                              | Mustavaara | Silasselkä   | Akanvaara | Peru | TOTAL        |
|------------------------------|------------|--------------|-----------|------|--------------|
| Balance, December 31, 2020   | \$ 234,120 | \$ 3,045,237 | \$ -      | \$ - | \$ 3,279,357 |
| Foreign exchange adjustments | (12,735)   | -            | -         | -    | (12,735)     |
| Balance, March 31, 2021      | \$ 221,385 | \$ 3,045,237 | \$ -      | \$ - | \$ 3,266,622 |

*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 additional amounts of 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.

**STRATEGIC RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three months ended March 31, 2021 and 2020**

Unaudited

(expressed in Canadian dollars)

**5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)**

**(a) Exploration and evaluation assets (continued)**

*Silasselkä Project (continued)*

A third party holds a 3% net smelter royalty ("NSR") on Silasselkä and other mineral properties owned by Aurion. Until the end of November 2020, Aurion had the right to buy the 3% NSR from the holder for €4,000,000. Following the expiry of this right, Aurion has, for a period of ten years, a right of first refusal to match the amount should a party wish to purchase the NSR. After ten years, Aurion can purchase 1% of the NSR for €4,000,000. In the event Aurion acquires any or all of this NSR, the Company will have the option to purchase up to one-half of such NSR, as it pertains to the Silasselkä property, on a proportionate value basis.

*Akanvaara Project ("Akanvaara")*

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 could 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 required: (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. On November 25, 2020, the Company provided 30 days notice to Magnus that it was terminating the Magnus Agreement. Accordingly, the carrying value of Akanvaara was expensed in the fourth quarter of 2020.

*Peruvian Claims*

The Group has obtained mineral claims across six discrete land packages in Peru. During the year ended December 31, 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 and minimal spend expected in the foreseeable future.

**(b) Exploration and evaluation expenditures**

The Group's exploration and evaluation expenditures on its projects for the three months ended March 31, 2021 and 2020 are detailed in the tables below.

|   | Three months ended March 31, 2021 |                   |                   |                  |             | TOTAL               |
|---|-----------------------------------|-------------------|-------------------|------------------|-------------|---------------------|
|   | Mustavaara                        | Silasselkä        | Akanvaara         | Peru             |             |                     |
| Assays / Sampling                                 | \$ 1,380                          | \$ -              | \$ -              | \$ -             | \$ -        | \$ 1,380            |
| Geological consulting / staff                     | 43,429                            | 4,705             | -                 | -                | -           | 48,134              |
| Mineral rights / access                           | -                                 | 11,543            | -                 | -                | -           | 11,543              |
| Project management                                | 9,944                             | -                 | -                 | -                | -           | 9,944               |
| <b>Costs incurred during the period</b>           | <b>\$ 54,753</b>                  | <b>\$ 16,248</b>  | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b> | <b>\$ 71,001</b>    |
| Cumulative E&E incurred, beginning of period      | \$ 308,967                        | \$ 225,191        | \$ 514,608        | \$ 24,938        |             | \$ 1,073,704        |
| E&E incurred during the period                    | 54,753                            | 16,248            | -                 | -                |             | 71,001              |
| <b>Cumulative E&amp;E incurred, end of period</b> | <b>\$ 363,720</b>                 | <b>\$ 241,439</b> | <b>\$ 514,608</b> | <b>\$ 24,938</b> |             | <b>\$ 1,144,705</b> |

  

|   | Three months ended March 31, 2020 |                   |                   |                  |             | TOTAL             |
|---|-----------------------------------|-------------------|-------------------|------------------|-------------|-------------------|
|   | Mustavaara                        | Silasselkä        | Akanvaara         | Peru             |             |                   |
| Assays / Sampling                                 | \$ 20,169                         | \$ -              | \$ 24,220         | \$ -             | \$ -        | \$ 44,389         |
| Field office                                      | 1,784                             | 3,656             | 361               | -                | -           | 5,801             |
| Geological consulting / staff                     | 5,362                             | 5,914             | 2,499             | -                | -           | 13,775            |
| Mineral rights / access                           | -                                 | 11,046            | 5,433             | -                | -           | 16,479            |
| Project management                                | 2,380                             | 199               | 314               | -                | -           | 2,893             |
| Transportation and accommodation                  | 1,327                             | 328               | 328               | -                | -           | 1,983             |
| <b>Costs incurred during the period</b>           | <b>\$ 31,022</b>                  | <b>\$ 21,143</b>  | <b>\$ 33,155</b>  | <b>\$ -</b>      | <b>\$ -</b> | <b>\$ 85,320</b>  |
| Cumulative E&E incurred, beginning of period      | \$ -                              | \$ 131,651        | \$ 470,979        | \$ 23,488        |             | \$ 626,118        |
| E&E incurred during the period                    | 31,022                            | 21,143            | 33,155            | -                |             | 85,320            |
| <b>Cumulative E&amp;E incurred, end of period</b> | <b>\$ 31,022</b>                  | <b>\$ 152,794</b> | <b>\$ 504,134</b> | <b>\$ 23,488</b> |             | <b>\$ 711,438</b> |

**STRATEGIC RESOURCES INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**Three months ended March 31, 2021 and 2020**

Unaudited

(expressed in Canadian dollars)

**6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

|                     | March 31, 2021 |        | December 31, 2020 |        |
|---------------------|----------------|--------|-------------------|--------|
| Trade payables      | \$             | 12,044 | \$                | 18,220 |
| Accrued liabilities |                | 3,041  |                   | 8,393  |
|                     | \$             | 15,085 | \$                | 26,613 |

**7. SHARE CAPITAL**

**Authorized:** Unlimited common shares, without par value.

| <b>Issued and fully paid:</b>                 | Number of Common Shares |            | Amount |            |
|---|-------------------------|------------|--------|------------|
| Balance, December 31, 2019 and March 31, 2020 |                         | 31,147,258 | \$     | 17,075,709 |
| Balance, December 31, 2020 and March 31, 2021 |                         | 40,668,705 | \$     | 20,108,235 |

**8. WARRANTS AND SHARE-BASED PAYMENTS**

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.

The Company granted no stock options during the three months ended March 31, 2021 and 2020.

Pursuant to the Company's accounting policy for share-based payments, the fair value of options vesting during the three months ended March 31, 2021, in the amount of \$52,815 (three months ended March 31, 2020 - \$62,805) has been recorded in the consolidated 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 months ended March 31, |                                 |                   |                                 |
|--|------------------------------|---------------------------------|-------------------|---------------------------------|
|  | 2021                         |                                 | 2020              |                                 |
|  | Number of Options            | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Outstanding, beginning and end of period | 3,055,000                    | \$ 0.29                         | 2,015,000         | \$ 0.25                         |

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**8. WARRANTS AND SHARE-BASED PAYMENTS (continued)**

**(b) Outstanding stock options (continued)**

At March 31, 2021, the Company had outstanding stock options, including weighted average remaining contractual life, as follows:

|                     |                   | March 31, 2021                |                |                     |                |
|---------------------|-------------------|-------------------------------|----------------|---------------------|----------------|
| 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  | 3.56                          | \$ 0.25        | 1,343,338           | \$ 0.25        |
| 1,040,000           | November 19, 2025 | 4.64                          | \$ 0.37        | 346,669             | \$ 0.37        |
| <b>3,055,000</b>    |                   | <b>3.93</b>                   | <b>\$ 0.29</b> | <b>1,690,007</b>    | <b>\$ 0.27</b> |

**(c) Warrants**

The Company has, from time to time, issued share purchase warrants as part of units issued in private placements for cash and in connection with loans. No warrants were granted or issued during the three months ended March 31, 2021 and 2020.

*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.

*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 table summarizes warrants activity for the three months ended March 31, 2021 and 2020:

|  | Three months ended March 31, |                                 |                    |                                 |
|--|------------------------------|---------------------------------|--------------------|---------------------------------|
|  | 2021                         |                                 | 2020               |                                 |
|  | Number of Warrants           | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Outstanding, beginning and end of period | 3,585,000                    | \$ 0.55                         | 434,780            | \$ 0.23                         |

Warrants outstanding at March 31, 2021 are as follows:

| Warrants Outstanding |                |                               |                | Warrants Exercisable |                |
|----------------------|----------------|-------------------------------|----------------|----------------------|----------------|
| Number of Warrants   | Expiry Date    | Weighted average life (years) | Exercise Price | Number of Warrants   | Exercise Price |
| 3,585,000            | April 20, 2022 | 1.05                          | \$ 0.55        | 3,585,000            | \$ 0.55        |

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**9. FEES, SALARIES AND OTHER EMPLOYEE BENEFITS**

|                                 | Three months ended March 31, |                   |
|---------------------------------|------------------------------|-------------------|
|                                 | 2021                         | 2020              |
| Fees and salaries               | \$ 126,270                   | \$ 126,270        |
| Social security                 | 2,428                        | 2,406             |
| Share-based payment (Note 8(a)) | 52,815                       | 62,805            |
|                                 | <b>\$ 181,513</b>            | <b>\$ 191,481</b> |

**10. LOSS PER SHARE**

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

|  | Three months ended March 31, |            |
|--|------------------------------|------------|
|  | 2021                         | 2020       |
| Net loss   | \$ 332,137                   | \$ 363,412 |
| Weighted average number of common shares outstanding (basic and diluted) | 40,668,705                   | 31,147,258 |
| Loss per share – basic and diluted                                       | \$ 0.01                      | \$ 0.01    |

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

All of the stock options and warrants currently issued (see Note 8) were anti-dilutive for the three months ended March 31, 2021 and 2020.

**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.

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**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       | March 31, 2021 | December 31, 2020 |
|--|------|----------------|----------------|-------------------|
| Cash and cash equivalents                | 3    | Amortized cost | \$ 1,934,545   | \$ 2,228,090      |
| Receivables                              | 4    | Amortized cost | 1,754          | 442               |
| Environmental deposits                   |      | Amortized cost | 24,352         | 25,753            |
| Accounts payable and accrued liabilities | 6    | Amortized cost | 15,085         | 26,613            |

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

**(b) 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.

**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, receivables and environmental deposits are exposed to credit risk, representing maximum exposure of \$1,960,651 (December 31, 2020 - \$2,254,285). 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 March 31, 2021, the Group's cash and cash equivalents were held at four financial institutions (December 31, 2020 – 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 March 31, 2021, the Group's current liabilities consisted of accounts payable and accrued liabilities of \$15,085 which are due primarily within three months from the period end. The Group's cash and cash equivalents of \$1,934,545 at March 31, 2021, 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 March 31, 2021, 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 \$19,000 in the Group's interest income on an annual basis.

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**13. FINANCIAL INSTRUMENT RISKS (continued)**

**(c) Market Risks (continued)**

*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 March 31, 2021.

| Financial Instrument Type                | Canadian Dollar    | Currency     | +/- 1% Fluctuation     |
|--|--------------------|--------------|------------------------|
| Cash                                     | \$ 564             | Peruvian Sol | \$ 6 \$ (6)            |
| Accounts payable and accrued liabilities | (10,817)           | Euro         | (108) 108              |
| Accounts payable and accrued liabilities | (1,258)            | U.S. dollar  | (13) 13                |
| <b>Total</b>                             | <b>\$ (11,511)</b> |              | <b>\$ (115) \$ 115</b> |

*Other Price Risk*

The Group did not hold any financial instruments that had direct exposure to other price risks at March 31, 2021.

**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 three months ended March 31, 2021 and 2020 are as follows:

|                                   | March 31, 2021      |                     |                 |                     |
|-----------------------------------|---------------------|---------------------|-----------------|---------------------|
|                                   | Canada              | Finland             | Peru            | Total               |
| Current assets                    | \$ 1,925,190        | \$ 23,731           | \$ 4,423        | \$ 1,953,344        |
| Environmental deposits            | -                   | 24,352              | -               | 24,352              |
| Exploration and evaluation assets | -                   | 3,266,622           | -               | 3,266,622           |
| <b>Total assets</b>               | <b>\$ 1,925,190</b> | <b>\$ 3,314,705</b> | <b>\$ 4,423</b> | <b>\$ 5,244,318</b> |
| Current liabilities               | \$ 13,302           | \$ 1,783            | \$ -            | \$ 15,085           |
| <b>Total liabilities</b>          | <b>\$ 13,302</b>    | <b>\$ 1,783</b>     | <b>\$ -</b>     | <b>\$ 15,085</b>    |

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**14. SEGMENTED DISCLOSURE (continued)**

*Geographic segments (continued):*

|                                   | December 31, 2020   |                     |                 |           | Total            |
|-----------------------------------|---------------------|---------------------|-----------------|-----------|------------------|
|                                   | Canada              | Finland             | Peru            |           |                  |
| Current assets                    | \$ 2,225,487        | \$ 19,335           | \$ 1,676        | \$        | 2,246,498        |
| Environmental deposits            | -                   | 25,753              | -               |           | 25,753           |
| Exploration and evaluation assets | -                   | 3,279,357           | -               |           | 3,279,357        |
| <b>Total assets</b>               | <b>\$ 2,225,487</b> | <b>\$ 3,324,445</b> | <b>\$ 1,676</b> | <b>\$</b> | <b>5,551,608</b> |
| Current liabilities               | \$ 13,055           | \$ 13,558           | \$ -            | \$        | 26,613           |
| <b>Total liabilities</b>          | <b>\$ 13,055</b>    | <b>\$ 13,558</b>    | <b>\$ -</b>     | <b>\$</b> | <b>26,613</b>    |

  

|                                | Three months ended March 31, 2021 |                  |               |           | Total          |
|--------------------------------|-----------------------------------|------------------|---------------|-----------|----------------|
|                                | Canada                            | Finland          | Peru          |           |                |
| Expenses                       | \$ 245,878                        | \$ 86,736        | \$ 975        | \$        | 333,589        |
| Other (income) expenses        | (1,458)                           | -                | 6             |           | (1,452)        |
| <b>Net loss for the period</b> | <b>\$ 244,420</b>                 | <b>\$ 86,736</b> | <b>\$ 981</b> | <b>\$</b> | <b>332,137</b> |

  

|                                | Three months ended March 31, 2020 |                   |                 |           | Total          |
|--------------------------------|-----------------------------------|-------------------|-----------------|-----------|----------------|
|                                | Canada                            | Finland           | Peru            |           |                |
| Expenses                       | \$ 253,586                        | \$ 111,467        | \$ 1,041        | \$        | 366,094        |
| Other (income) expenses        | (2,708)                           | -                 | 26              |           | (2,682)        |
| <b>Net loss for the period</b> | <b>\$ 250,878</b>                 | <b>\$ 111,467</b> | <b>\$ 1,067</b> | <b>\$</b> | <b>363,412</b> |

**15. GROUP INFORMATION AND RELATED PARTY TRANSACTIONS**

*Information about subsidiaries*

The consolidated financial statements include the following subsidiaries:

|                                    | Country of Incorporation | % Equity interest at |                   |
|------------------------------------|--------------------------|----------------------|-------------------|
|                                    |                          | March 31, 2021       | December 31, 2020 |
| 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:

| Company                       | Nature of transactions | Three months ended March 31, |                  |
|-------------------------------|------------------------|------------------------------|------------------|
|                               |                        | 2021                         | 2020             |
| Miedzi Copper Corp            | G&A                    | \$ 13,568                    | \$ 12,311        |
| Lumina Gold Corp              | G&A                    | -                            | 415              |
| 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           |
|                               |                        | <b>\$ 84,038</b>             | <b>\$ 83,196</b> |



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**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. 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. There were no amounts due to related parties as at March 31, 2021 and December 31, 2020.

*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 March 31, |                   |
|---------------------------|------------------------------|-------------------|
|                           | 2021                         | 2020              |
| Short-term benefits (i)   | \$ 91,470                    | \$ 91,470         |
| Share-based payments (ii) | 40,620                       | 47,378            |
| <b>Total remuneration</b> | <b>\$ 132,090</b>            | <b>\$ 138,848</b> |

(i) Short-term benefits include fees and salaries.

(ii) Share-based payments amounts equate to the share-based payment expense during the year 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 March 31, 2021 and 2020.

**16. COMMITMENTS**

As at March 31, 2021, 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:

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|                     |           |
|---------------------|-----------|
| Due within one year | \$ 15,114 |
|---------------------|-----------|

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**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 100,000 stock options were granted in April 2021 at an exercise price of \$0.30 per common share.