Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018
Expressed in Canadian Dollars
(Unaudited – Prepared by Management)

Contents

STRATEGIC RESOURCES

Management Report

The accompanying unaudited condensed consolidated interim financial statements, and accompanying notes thereto, of Strategic Resources Inc. for the three months ended March 31, 2019 and 2018 have been prepared by management and approved by the Company's Audit Committee and Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

/s/ Mark Tommasi

Mark Tommasi, Chief Executive Officer
Vancouver, BC Canada
May 15, 2019

/s/ Steven Brassard

Steven Brassard, Chief Financial Officer
Vancouver, BC Canada
May 15, 2019

Strategic Resources Inc.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	Notes	**March 31, 2019**	December 31, 2018
ASSETS			
Current Assets			
Cash and cash equivalents	**5**	**$ 33,382**	$ 36,253
Receivables	**6**	**1,021**	509
Prepaid expenses	**7**	**10,051**	-
		44,454	36,762
Non-Current Assets			
Exploration assets	**8**	**49,436**	-
TOTAL ASSETS		**$ 93,890**	$ 36,762
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	**9**	**$ 83,702**	$ 27,925
Non-Current Liabilities			
Loan payable	**10**	**95,710**	-
TOTAL LIABILITIES		**179,412**	27,925
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	**11**	**9,878,287**	9,878,287
Contributed surplus warrants	**12**	**4,870,766**	4,864,517
Contributed surplus options	**12**	**2,343,981**	2,343,981
Deficit		**(17,178,556)**	(17,077,948)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**(85,522)**	8,837
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**$ 93,890**	$ 36,762

Ability to continue as a going concern (Note 2(d))
Subsequent events (Note 15)

Approved on behalf of the Board:

/s/ Blair McIntyre
Director

/s/ Mark Tommasi
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Strategic Resources Inc.

Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars)

		Three Months Ended March 31, 2019		2018
Operating expenses				
Office and miscellaneous	**$**	**12,921**	$	9,996
Personnel		**7,500**		-
Professional		**7,749**		645
Project evaluation and investigation		**72,438**		5,009
Net loss and comprehensive loss	**$**	**(100,608)**	$	(15,650)
Basic and diluted loss per share	**$**	**(0.01)**	$	(0.00)
Weighted average number of common shares outstanding		**9,173,302**		9,173,302

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Strategic Resources Inc.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars**)**

	Three Months Ended March 31, 2019	2018
Cash flows from operating activities		
Net loss	**$ (100,608)**	$ (15,650)
Interest accretion	**1,959**	-
Changes in non-cash working capital items		
Receivables	**(512)**	5,260
Prepaid expenses	**(10,051)**	-
Accounts payable and accrued liabilities	**55,777**	(3,328)
	(53,435)	(13,718)
Cash flows from financing activities		
Proceeds from loans payable	**100,000**	-
Cash flows from investing activities		
Exploration asset expenditures	**(49,436)**	-
Decrease in cash and cash equivalents	**(2,871)**	(13,718)
Cash and cash equivalents, beginning of the period	**36,253**	80,682
Cash and cash equivalents, end of the period	**$ 33,382**	$ 66,964
Supplemental Cash Flow Information		
Fair value of warrants issued as loan consideration	**$ 6,249**	$ -

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Strategic Resources Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited – Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus			
	Number of Shares	Amount	Share-based Payments	Warrants	Accumulated Deficit	Total
Balance at December 31, 2017	9,173,302	$ 9,878,287	$ 2,343,981	$ 4,864,517	$ (17,017,815)	$ 68,970
Net loss	-	-	-	-	(15,650)	(15,650)
Balance at March 31, 2018	9,173,302	9,878,287	2,343,981	4,864,517	(17,033,465)	53,320
Net loss	-	-	-	-	(44,483)	(44,483)
Balance at December 31, 2018	9,173,302	9,878,287	2,343,981	4,864,517	(17,077,948)	8,837
Issuance of warrants as loan consideration	-	-	-	6,249	-	6,249
Net loss	-	-	-	-	(100,608)	(100,608)
Balance at March 31, 2019	**9,173,302**	**$ 9,878,287**	**$ 2,343,981**	**$ 4,870,766**	**$ (17,178,556)**	**$ (85,522)**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. CORPORATE INFORMATION

Strategic Resources Inc. (the "Company") was 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 ("TSX-V"), having the symbol STI.

The Company is an exploration and development company focused on vanadium and other metals used in electric batteries. The Company has entered into two option agreements for mineral properties in Finland (Note 15) and has made application for certain mineral concessions in Peru.

The address of the Company's registered office and principal place of business is Suite 2900, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J5.

2. BASIS OF PREPARATION

a) Statement of Compliance

The condensed consolidated interim financial statements of the Company for the three months ended March 31, 2019, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements have been prepared on the basis of and using accounting policies, methods of computation and presentation consistent with those applied in the audited annual financial statements for the year ended December 31, 2018.

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements. On May 15, 2019, the Company's Audit Committee and its Board of Directors approved and authorized these condensed consolidated interim financial statements for issue.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments that are stated at fair value.

The condensed consolidated interim financial statements are presented in Canadian dollars and all values are rounded to the nearest dollar, unless otherwise indicated.

c) Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenues and expenditures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. They form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

(Unaudited – Expressed in Canadian Dollars unless otherwise stated)

2. BASIS OF PREPARATION (continued)

c) Use of estimates and judgments (continued)

Judgments made by management in the application of IFRS that have a significant effect on the condensed consolidated interim financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 3.

d) Ability to continue as a going concern

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, these condensed consolidated interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the condensed consolidated interim financial statements. There is substantial doubt that the Company can meet operating and project evaluation expenditures it anticipates requiring during the next twelve months due to its limited working capital. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

e) Subsidiaries

In addition to the Company, the condensed consolidated interim financial statements include its subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding the majority of the voting rights. Subsidiaries are fully consolidated from the date on which the Company acquires control. They are de-consolidated from the date that control by the Company ceases.

f) Consolidation principles

The subsidiaries of the Company are as follows:

				Portion of Ownership Interest and Voting Power Held	
Name of Subsidiary	**Principal Activity**	**Fiscal Year-End**	**Place of Incorporation and Operation**	**March 31, 2019**	**December 31, 2018**
Strategic Resources (Peru) Inc.	Mineral Property Exploration	December 31	British Columbia, Canada	100%	N/A
Strategic Resources (Finland) Inc.	Mineral Property Exploration	December 31	British Columbia, Canada	100%	N/A
Minera Strategic Peru S.A.C.	Mineral Property Exploration	December 31	Peru	100%	N/A

Assets, liabilities, revenues and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Intercompany transactions are eliminated at consolidation.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements are discussed below.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability, including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the actual outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Going concern

Judgment is required in determining whether the Company is a going concern (see Note 2(d)).

Loan payable

During 2019 the Company entered into a loan agreement whereby it issued warrants in connection with receiving the loan. The loan is unsecured and bears an interest rate of 12% per annum.

As the Company issued warrants as consideration for the loan, the interest rate of the loan payable was reviewed to determine if it was below the market rate of interest for a commercial loan with similar terms. Management determined there was no observable market for the Company to obtain unsecured borrowing of this nature. Accordingly, finding financing arrangements with arm's length parties under similar terms required judgment. Based on the risk factors for the Company, the cost of borrowing for debt instruments of companies with a comparable investment grade and that the Company issued warrants, management assessed the loan was issued below the market rate for a commercial loan with similar terms.

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

(Unaudited – Expressed in Canadian Dollars unless otherwise stated)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Loan payable (continued)

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently adopted accounting pronouncement

IFRS 16 Leases

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

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

5. CASH AND CASH EQUIVALENTS

		March 31, 2019		December 31, 2018
Cash	**$**	**10,882**	$	1,253
Redeemable guaranteed investment certificates		**22,500**		35,000
	$	**33,382**	$	36,253

The cash and cash equivalents held at March 31, 2019 and December 31, 2018 were on deposit with a national chartered Canadian bank.

(Unaudited – Expressed in Canadian Dollars unless otherwise stated)

6. RECEIVABLES

The balance at March 31, 2019 consists of $1,021 (December 31, 2018 - $509) of Goods and Services Tax recoverable from the Government of Canada.

7. PREPAID EXPENSES AND DEPOSITS

	March 31, 2019	December 31, 2018
Legal retainer	$ 10,051	$ -

8. MINERAL PROPERTIES

	March 31, 2019	December 31, 2018
Cost of mineral claim staking - Peru	$ 49,436	$ -

The Company has submitted application for 6 claims located in Peru totaling 11,700 hectares. Costs incurred consist primarily of legal and application fees.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of amounts outstanding for trade purchases for operating and financing activities. The usual credit period taken for trade purchases is 30 days.

	March 31, 2019	December 31, 2018
Trade payables and accrued liabilities	$ 83,702	$ 27,925

10. LOAN PAYABLE

The loan payable activity is as follows:

	Principal	Accumulated Interest Accretion	Loan Payable
Balance at December 31, 2018	**$ -**	**$ -**	**$ -**
Advances received	100,000	-	100,000
Proceeds allocated to warrants	(6,249)	-	(6,249)
Interest accretion	-	1,959	1,959
Balance at March 31, 2019	**$ 93,751**	**$ 1,959**	**$ 95,710**

On February 5, 2019, the Company entered into a loan agreement under which it received proceeds of $100,000. The loan bears a 12% per annum interest rate, is unsecured and will mature on the earlier of:

- February 5, 2021; and
- the date the Company closes an equity private placement of at least $1,000,000.

(Unaudited – Expressed in Canadian Dollars unless otherwise stated)

10. LOAN PAYABLE (Continued)

As at March 31, 2019, the Company incurred interest payable of $1,775 and has a total liability of $101,775 related to the loan. In connection with receiving the loan, the Company issued 434,780 bonus warrants to the lender. The Company used the residual method to determine the fair value of the warrants issued by first calculating the fair value of the loan payable, and then allocating the remaining value to the warrants.

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

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

See Note 3 for discussion in determining the discount rate.

11. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Issued

During the three months ended March 31, 2019 and the year ended December 31, 2018, there were no share capital transactions.

12. EQUITY AND RESERVES

a) Nature and purpose of equity and reserves

The reserves recorded in equity on the Company's condensed consolidated interim statements of financial position include Contributed Surplus Warrants, Contributed Surplus Options and Accumulated Deficit.

- *Contributed Surplus Options* is used to recognize the fair value of option instruments granted by the Company.
- *Contributed Surplus Warrants* is used to recognize the fair value of warrant instruments issued by the Company.
- *Accumulated Deficit* is used to record the Company's change in deficit from net income or loss and comprehensive income or loss from period to period.

b) Stock options

The Company uses the Black-Scholes option pricing model to determine the fair value of incentive options granted. This model requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options and warrants.

(Unaudited – Expressed in Canadian Dollars unless otherwise stated)

12. EQUITY AND RESERVES (Continued)

b) Stock options (continued)

During the year ended December 31, 2018, the Company received shareholder approval to implement a stock option plan pursuant to which options to purchase common shares could be granted to certain officers, directors, employees and consultants at not less than market price less an applicable discount from market price, as allowed by TSX-V regulations.

The plan allows for the issuance of options to acquire up to 10% of the issued and outstanding common shares. Options may have a maximum term of 10 years.

There were no options granted during the three months ended March 31, 2019 or the year ended December 31, 2018. There were no options outstanding as at December 31, 2017, December 31, 2018 or March 31, 2019.

c) Warrants

The Company has issued share purchase warrants ("warrants") as part of units issued in private placements for cash and in connection with receiving the loan.

(i) 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.

(ii) 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:

	Number of Warrants	Weighted Average Exercise Price	Contributed Surplus – Warrants
Balance, December 31, 2017 and 2018	**-**	**$ -**	**$ 4,864,517**
Issued	434,780	$ 0.23	6,249
Balance, March 31, 2019	**434,780**	**$ 0.23**	**$ 4,870,766**

(Unaudited – Expressed in Canadian Dollars unless otherwise stated)

12. EQUITY AND RESERVES (Continued)

c) Warrants (continued)

Warrants outstanding at March 31, 2019 are as follows:

	March 31, 2019		December 31, 2018	
Expiry Date	Number of Warrants Outstanding	Exercise Price	Number of Warrants Outstanding	Exercise Price
February 13, 2021*	**434,780**	**$ 0.23**	-	$ -
Remaining Contractual Life (years)		**1.88**		-
Weighted Average Fair Value of Warrants Issued		**$ 0.01**		$ -
Weighted Average Share Price During Period		**$ 0.23**		$ 0.20

13. RELATED PARTY TRANSACTIONS AND BALANCES

The condensed consolidated interim financial statements include balances and transactions with directors and/or officers of the Company and/or corporations related to or controlled by them.

a) Key management personnel

Compensation to key management, which consists of its officer and directors, for the three months ended March 31, 2019 and 2018 was as follows:

	March 31, 2019	March 31, 2018
Short-term employee benefits	**$ 7,500**	$ -

b) Related party balances

As at March 31, 2019, there was $7,500 included in accounts payable due a company controlled by the Chief Financial Officer of the Company for services rendered in the normal course of business. The amount is non-interest-bearing, unsecured and due on demand. As at December 31, 2018, there was no amount due to related parties.

14. SEGMENTED DISCLOSURE

At March 31, 2019, the Company's operations comprise a single reporting operating segment engaged in mineral exploration and evaluation. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company. As the operations comprise a single reporting segment, amounts disclosed in the condensed consolidated interim financial statements represent operating segment amounts.

(Unaudited – Expressed in Canadian Dollars unless otherwise stated)

14. SEGMENTED DISCLOSURE (continued)

Geographic segments

The Company is in the business of mineral exploration, and has entered into two mineral property option agreements with respect to properties in Finland and applied for certain mineral claims in Peru. To date, the Company has not closed on the two Finland mineral property option agreements, and the Peruvian mineral claims have not been granted or denied as the application remains in process. As such, all operations of the business are conducted in Canada while the Company maintains certain interests in Finland and Peru. Information concerning the Company's reportable segments is as follows:

Three months ended		**March 31, 2019**		March 31, 2018
Net Loss				
Canada	**$**	**64,015**	$	15,650
Finland		**32,021**		-
Peru		**4,573**		-
	$	**100,608**	$	15,650

As at		**March 31, 2019**		March 31, 2018
Total Assets				
Canada	**$**	**32,403**	$	36,762
Peru		**61,487**		-
	$	**93,890**	$	36,762

15. SUBSEQUENT EVENTS

a) Mineral property option agreements – Finland

On April 10, 2019, the Company entered into two mineral property option agreements:

(i) Silasselkä property ("Silasselkä")

Silasselkä is owned by Aurion Resources Ltd. ("Aurion") and comprises claims, exploration permits, exploration permit applications and reservations totaling 25,933 hectares in northern Finland. Under the terms of the option agreement with Aurion, the Company may acquire up to a 100% interest in the Silasselkä property through a two stage earn-in process:

Stage 1 to acquire a 75% stake in Silasselkä

The Company may acquire a 75% stake in Silasselkä by:

(a) issuing 3,000,000 common shares to and paying $500,000 to Aurion upon closing;
(b) issuing an additional 1,916,667 common shares to Aurion and spending $1,000,000 of exploration expenditures on Silasselkä before the date that is 12 months after closing; and
(c) issuing an additional 1,916,667 common shares to Aurion and spending an additional $1,000,000 of exploration expenditures on Silasselkä before the date that is 24 months after closing.

15. SUBSEQUENT EVENTS (Continued)

a) Mineral property option agreements – Finland (continued)

(i) Silasselkä property ("Silasselkä") (continued)

Stage 2 to acquire a 100% interest in Silasselkä

Once the Company has acquired a 75% interest in Silasselkä, it may increase its interest to 100% by issuing an additional 1,916,667 common shares to Aurion and spending an additional $1,000,000 of exploration expenditures on Silasselkä before the date that is 36 months after closing.

A finder's fee of 387,000 shares will be payable in connection to the Aurion option agreement.

If it is determined that Silasselkä contains at least 300,000 ounces of gold in the indicated mineral resource category or better, then the Company will issue 3,000,000 common shares to Aurion.

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

(ii) Akanvaara Property ("Akanvaara")

Akanvaara is owned by Magnus Minerals OY ("Magnus") and comprises an exploration permit and reservation totaling 9,826 hectares in northern Finland. Under the terms of the option agreement with Magnus, the Company may acquire up to a 100% right, title and interest in Akanvaara through a two stage earn-in process:

Stage 1 to acquire a 70% interest in Akanvaara

The Company may acquire a 70% interest in Akanvaara by:

(a) issuing 2,500,000 common shares, and paying 25% of the value of the common shares on the date of closing in cash to Magnus (to a maximum of $200,000);
(b) spending $750,000 of exploration expenditures on Akanvaara before the date that is 24 months after closing; and
(c) granting a 0.7% NSR to Magnus.

Stage 2 to Acquire a 100% interest in Akanvaara

Once the Company has acquired a 70% interest in Akanvaara, it may increase its interest to 100% by:

(a) issuing an additional 700,000 common shares to Magnus;
(b) spending an additional $1,000,000 of exploration expenditures on Akanvaara before the date that is 36 months after closing; and
(c) granting an additional 0.3% NSR to Magnus to bring the total NSR to 1%.

15. SUBSEQUENT EVENTS (Continued)

a) Mineral property option agreements – Finland (continued)

Conditions to closing

Closing of the option agreements is subject to a number of conditions precedent, including raising at least $2,000,000 (see Note (c) below) and obtaining TSX-V approval.

b) On May 13, 2019, the Company incorporated a wholly owned subsidiary in Finland named Strategic Explorations Oy.

c) In conjunction with the two option agreements, the Company announced a private placement to sell 16,086,957 shares at a price of $0.23 per share for gross proceeds of $3,700,000. The private placement is subject to TSX-V approval. Should the private placement close, the loan payable of $100,000 plus interest will mature.