

# STRATEGIC RESOURCES

STRATEGIC RESOURCES INC.



## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2022

(Unaudited)

TSX-V: SR



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

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

Unaudited

(expressed in Canadian dollars)

	Note	September 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	\$ 184,276	\$ 961,111
Receivables	4	5,608	12,372
Prepaid expenses		9,537	8,086
<b>Total current assets</b>		199,421	981,569
<b>Non-current assets</b>			
Environmental deposits		34,127	36,697
Exploration and evaluation assets	5(a)	4,090,148	3,778,602
<b>Total assets</b>		\$ 4,323,696	\$ 4,796,868
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6	\$ 8,146	\$ 27,537
<b>Total liabilities</b>		8,146	27,537
<b>EQUITY</b>			
Share capital	7	20,952,402	20,625,735
Contributed surplus – warrants		4,864,517	4,864,517
Contributed surplus – options		3,309,360	3,200,373
Accumulated other comprehensive loss		(35,920)	(15,273)
Accumulated deficit		(24,774,809)	(23,906,021)
<b>Total equity</b>		4,315,550	4,769,331
<b>Total liabilities and equity</b>		\$ 4,323,696	\$ 4,796,868

Going concern (Note 2(b))  
 Commitments (Note 16)

APPROVED BY THE DIRECTORS

*“Scott Hicks”*

CEO and Director

*“Mark Serdan”*

Director

See Accompanying Notes to the Condensed Consolidated Interim Financial Statements

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

For the three and nine months ended September 30, 2022 and 2021

Unaudited

(expressed in Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
<b>Expenses</b>					
Exploration and evaluation ("E&E") expenditures	5(b)	\$ 30,574	\$ 92,231	\$ 134,245	\$ 231,896
Pre exploration and evaluation expenditures		-	-	1,275	471
Fees, salaries and other employee benefits	9, 15	187,140	209,154	563,927	595,420
General and administration ("G&A")	15	24,111	41,344	93,314	130,419
Professional fees		7,508	56,050	75,963	121,616
		(249,333)	(398,779)	(868,724)	(1,079,822)
<b>Other income (expenses)</b>					
Interest income and other		1,250	1,073	2,791	3,645
Foreign exchange (loss) gain		(2,889)	13	(2,855)	101
		(1,639)	1,086	(64)	3,746
<b>Net loss for the period</b>		<b>(250,972)</b>	<b>(397,693)</b>	<b>(868,788)</b>	<b>(1,076,076)</b>
<b>Other comprehensive income (loss)</b>					
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations		798	1,475	(20,647)	(16,485)
<b>Total comprehensive loss for the period</b>		<b>\$ (250,174)</b>	<b>(396,218)</b>	<b>\$ (889,435)</b>	<b>(1,092,561)</b>
Loss per share – basic and diluted	10	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding – basic and diluted	10	43,752,038	42,585,372	43,064,004	41,455,030

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, 2022 and 2021**

Unaudited

(expressed in Canadian dollars)

	Note	Nine months ended September 30,	
		2022	2021
<b>Operating activities</b>			
Loss for the period		\$ (868,788)	\$ (1,076,076)
Adjustment for non-cash items:			
Share-based payment	8(a)	108,987	170,032
Deduct: interest income		(2,791)	(423)
Net changes in non-cash working capital items:			
Receivables		6,764	(4,510)
Prepaid expenses		(1,451)	2,069
Accounts payable and accrued liabilities		(19,391)	10,334
<b>Net cash utilized in operating activities</b>		<b>(776,670)</b>	<b>(898,574)</b>
<b>Investing activities</b>			
Environmental deposits		-	(13,469)
Interest received		2,791	423
<b>Net cash provided by (utilized in) investing activities</b>		<b>2,791</b>	<b>(13,046)</b>
Decrease in cash and cash equivalents		(773,879)	(911,620)
Effect of foreign exchange on cash and cash equivalents		(2,956)	(2,901)
Cash and cash equivalents, beginning of period		961,111	2,228,090
<b>Cash and cash equivalents, end of period</b>	<b>3</b>	<b>\$ 184,276</b>	<b>\$ 1,313,569</b>

**Non-cash investing and financing activities:** see Notes 5(a) and 7 for details of common 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, 2022 and 2021**

Unaudited

(expressed in Canadian dollars)

	Note	Share Capital		Contributed Surplus		Other Comprehensive Income (Loss)	Accumulated Deficit	Total
		Number of shares	Amount	Warrants	Options			
<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
Shares issued – Silasselkä Property	5(a), 7	1,916,667	517,500	-	-	-	-	517,500
Share-based payment	8(a)	-	-	-	170,032	-	-	170,032
Foreign currency translation adjustment		-	-	-	-	(16,485)	-	(16,485)
Net loss		-	-	-	-	-	(1,076,076)	(1,076,076)
<b>Balance, September 30, 2021</b>		42,585,372	\$ 20,625,735	\$ 4,864,517	\$ 3,080,829	\$ (6,355)	\$ (23,444,760)	\$ 5,119,966
<b>Balance, December 31, 2021</b>		42,585,372	\$ 20,625,735	\$ 4,864,517	\$ 3,200,373	\$ (15,273)	\$ (23,906,021)	\$ 4,769,331
Shares issued – Silasselkä Property	5(a), 7	1,166,666	326,667	-	-	-	-	326,667
Share-based payment	8(a)	-	-	-	108,987	-	-	108,987
Foreign currency translation adjustment		-	-	-	-	(20,647)	-	(20,647)
Net loss		-	-	-	-	-	(868,788)	(868,788)
<b>Balance, September 30, 2022</b>		43,752,038	\$ 20,952,402	\$ 4,864,517	\$ 3,309,360	\$ (35,920)	\$ (24,774,809)	\$ 4,315,550

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

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

**Three and nine months ended September 30, 2022 and 2021**

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 and nine months ended September 30, 2022 and 2021, 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, 2021 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 14, 2022.

**(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 \$24,774,809 as at September 30, 2022 and has reported a net loss of \$868,788 for the nine months ended September 30, 2022. The ability of the Company to continue as a going concern is dependent upon obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Group’s assets, the successful development of the Group’s mineral property interests or a combination thereof. The Company believes that, based on forecasts, the ability to reduce discretionary expenditures if required and the Company’s historical and anticipated ability to raise additional funding, it will be able to continue as a going concern for the foreseeable future. However, the Company will continue to incur losses in the development of its mineral exploration projects and, as noted above, the Company will require additional funding in the future.

The COVID-19 pandemic continues to impact world affairs as do geopolitical events such as the conflict between Russia and Ukraine. These events have led to rising global inflation and an increasingly negative economic outlook as central banks around the world have increased interest rates. 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 Company’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 Company 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, 2021. 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 and nine months ended September 30, 2022 and 2021**

Unaudited

(expressed in Canadian dollars)

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

**(d) Critical accounting judgments and estimates**

The preparation of these condensed consolidated interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting periods. Actual outcomes could differ from these estimates and judgments, which, by their nature, are uncertain. Significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2021.

**(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 condensed consolidated interim and consolidated year end financial statements.

**3. CASH AND CASH EQUIVALENTS**

The Group's cash and cash equivalents, by currency, at September 30, 2022 and December 31, 2021 were as follows:

	September 30, 2022	December 31, 2021
Cash at bank and in hand denominated in Canadian dollars	\$ 63,836	\$ 176,965
Cash at bank and in hand denominated in U.S. dollars	778	1,585
Cash at bank and in hand denominated in Euros	17,337	31,737
Cash at bank and in hand denominated in Peruvian Soles	-	824
Cash equivalents (GIC) denominated in Canadian dollars	102,325	750,000
	<b>\$ 184,276</b>	<b>\$ 961,111</b>

**4. RECEIVABLES**

The Group's receivables are as follows:

	September 30, 2022	December 31, 2021
Recoverable goods and services tax (Canada)	\$ 4,247	\$ 7,805
Recoverable VAT (Finland)	666	4,329
Other	695	238
	<b>\$ 5,608</b>	<b>\$ 12,372</b>

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

**Three and nine months ended September 30, 2022 and 2021**

Unaudited

(expressed in Canadian dollars)

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

**(a) Exploration and evaluation assets**

At September 30, 2022, the Group holds two vanadium projects in Finland. The carrying values of the projects held are summarized below:

	Mustavaara	Silasselkä	TOTAL
Balance, December 31, 2021	\$ 215,865	\$ 3,562,737	\$ 3,778,602
Acquisition cost: common shares issued	-	326,667	326,667
Foreign exchange adjustments	(15,121)	-	(15,121)
<b>Balance, September 30, 2022</b>	<b>\$ 200,744</b>	<b>\$ 3,889,404</b>	<b>\$ 4,090,148</b>

*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.

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 each of June 10, 2020 and June 10, 2021 and 1,166,666 common shares were issued to Aurion on June 10, 2022 to complete the earn-in requirements.

Under the terms of the Aurion Agreement, if it is determined within a five-year period from June 10, 2022, 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. 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.



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

**Three and nine months ended September 30, 2022 and 2021**

Unaudited

(expressed in Canadian dollars)

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

**(b) Exploration and evaluation expenditures**

The Group's exploration and evaluation expenditures on its projects for the three and nine months ended September 30, 2022 and 2021 are detailed in the tables below.

	Three months ended September 30, 2022		
	Mustavaara	Silasselkä	TOTAL
Geological consulting / staff	\$ 7,072	\$ -	\$ 7,072
Mineral rights / access	-	23,502	23,502
<b>Costs incurred during the period</b>	<b>\$ 7,072</b>	<b>\$ 23,502</b>	<b>\$ 30,574</b>
Cumulative E&E incurred, beginning of period	\$ 580,009	\$ 332,613	\$ 912,622
E&E incurred during the period	7,072	23,502	30,574
<b>Cumulative E&amp;E incurred, end of period</b>	<b>\$ 587,081</b>	<b>\$ 356,115</b>	<b>\$ 943,196</b>

  

	Three months ended September 30, 2021		
	Mustavaara	Silasselkä	TOTAL
Metallurgical	\$ 35,026	\$ -	\$ 35,026
Mineral rights / access	-	37,650	37,650
Project management	19,555	-	19,555
<b>Costs incurred during the period</b>	<b>\$ 54,581</b>	<b>\$ 37,650</b>	<b>\$ 92,231</b>
Cumulative E&E incurred, beginning of period	\$ 425,722	\$ 248,101	\$ 673,823
E&E incurred during the period	54,581	37,650	92,231
<b>Cumulative E&amp;E incurred, end of period</b>	<b>\$ 480,303</b>	<b>\$ 285,751</b>	<b>\$ 766,054</b>

  

	Nine months ended September 30, 2022		
	Mustavaara	Silasselkä	TOTAL
Environmental	\$ 68,614	\$ -	\$ 68,614
Geological consulting / staff	8,598	1,527	10,125
Mineral rights / access	-	34,150	34,150
Permitting	21,356	-	21,356
<b>Costs incurred during the period</b>	<b>\$ 98,568</b>	<b>\$ 35,677</b>	<b>\$ 134,245</b>
Cumulative E&E incurred, beginning of period	\$ 488,513	\$ 320,438	\$ 808,951
E&E incurred during the period	98,568	35,677	134,245
<b>Cumulative E&amp;E incurred, end of period</b>	<b>\$ 587,081</b>	<b>\$ 356,115</b>	<b>\$ 943,196</b>

  

	Nine months ended September 30, 2021		
	Mustavaara	Silasselkä	TOTAL
Assays / sampling	\$ 1,380	\$ -	\$ 1,380
Geological consulting / staff	48,002	9,058	57,060
Metallurgical	74,947	-	74,947
Mineral rights / access	-	51,502	51,502
Project management	43,229	-	43,229
Reports	3,778	-	3,778
<b>Costs incurred during the period</b>	<b>\$ 171,336</b>	<b>\$ 60,560</b>	<b>\$ 231,896</b>
Cumulative E&E incurred, beginning of period	\$ 308,967	\$ 225,191	\$ 534,158
E&E incurred during the period	171,336	60,560	231,896
<b>Cumulative E&amp;E incurred, end of period</b>	<b>\$ 480,303</b>	<b>\$ 285,751</b>	<b>\$ 766,054</b>

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

**Three and nine months ended September 30, 2022 and 2021**

Unaudited

(expressed in Canadian dollars)

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities are as follows:

	September 30, 2022	December 31, 2021
Trade payables	\$ 1,744	\$ 17,820
Accrued liabilities	6,402	9,717
	<b>\$ 8,146</b>	<b>\$ 27,537</b>

**7. SHARE CAPITAL**

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

**Issued and fully paid:**

	Number of Common Shares	Amount
Balance, December 31, 2020	40,668,705	\$ 20,108,235
Shares issued – Silasselkä Property (a)	1,916,667	517,500
<b>Balance, September 30, 2021</b>	<b>42,585,372</b>	<b>\$ 20,625,735</b>
	Number of Common Shares	Amount
Balance, December 31, 2021	42,585,372	\$ 20,625,735
Shares issued – Silasselkä Property (b)	1,166,666	326,667
<b>Balance, September 30, 2022</b>	<b>43,752,038</b>	<b>\$ 20,952,402</b>

(a) In connection with the Aurion Agreement to acquire Silasselkä (see Note 5(a)), on June 10, 2021, the Company issued 1,916,667 shares to Aurion at a value of \$0.27 per common share, being the closing price of the shares on the TSX-V on the day of issuance.

(b) On June 10, 2022, the Company issued 1,166,666 shares to Aurion at a value of \$0.28 per common share, being the closing price of the shares on the TSX-V on the day of issuance.

**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.

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

**Three and nine months ended September 30, 2022 and 2021**

Unaudited

(expressed in Canadian dollars)

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

**(a) Stock options (continued)**

The Company granted no stock options during the three and nine months ended September 30, 2022 (nine months ended September 30, 2021 – 100,000 stock options to an employee at a weighted average exercise price of \$0.30 and expiry date of April 14, 2026). The vesting schedule of the options granted in the nine months ended September 30, 2021 was 1/3 on the grant date, 1/3 one year after the grant date and 1/3 two years after the grant date. 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, 2022, in the amounts of \$36,384 and \$108,987, respectively, (three and nine months ended September 30, 2021 - \$56,114 and \$170,032, respectively) have been recorded in the condensed consolidated interim statement of comprehensive loss and have 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 September 30, 2022		September 30, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning and end of period	4,015,000	\$ 0.30	3,155,000	\$ 0.29

  

	Nine months ended September 30, 2022		September 30, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	4,015,000	\$ 0.30	3,055,000	\$ 0.29
Options granted	-	-	100,000	0.30
Outstanding, end of period	4,015,000	\$ 0.30	3,155,000	\$ 0.29

At September 30, 2022, 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	2.06	\$ 0.25	2,015,000	\$ 0.25
1,040,000	November 19, 2025	3.14	\$ 0.37	693,337	\$ 0.37
100,000	April 14, 2026	3.54	\$ 0.30	66,667	\$ 0.30
860,000	November 16, 2026	4.13	\$ 0.35	286,670	\$ 0.35
4,015,000		2.82	\$ 0.30	3,061,674	\$ 0.29

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

**Three and nine months ended September 30, 2022 and 2021**

Unaudited

(expressed in Canadian dollars)

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

**(c) Warrants**

The Company has issued share purchase warrants as part of units issued in private placements for cash and from time to time, in connection with a loans. No warrants were granted or issued during the three and nine months ended September 30, 2022 and 2021.

*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 and nine months ended September 30, 2022 and 2021:

	Three and nine months ended September 30,		2021	
	2022	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning and end of period	3,585,000	\$ 0.55	3,585,000	\$ 0.55

Warrants outstanding at September 30, 2022 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, 2023	0.55	\$ 0.55	3,585,000	\$ 0.55

On February 22, 2022, the Company extended the expiry date on its 3,585,000 outstanding warrants for a period of one year (from April 20, 2022 to April 20, 2023). All other terms and conditions, including the exercise price of the warrants remained unchanged.

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Fees and salaries	\$ 144,794	\$ 147,210	\$ 436,521	\$ 413,665
Social security	5,962	5,830	18,419	11,723
Share-based payment (Note 8(a))	36,384	56,114	108,987	170,032
	\$ 187,140	\$ 209,154	\$ 563,927	\$ 595,420

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**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,	
	2022	2021
Net loss	\$ (250,972)	\$ (397,693)
Weighted average number of common shares outstanding (basic and diluted)	43,752,038	42,585,372
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)
	Nine months ended September 30,	
	2022	2021
Net loss	\$ (868,788)	\$ (1,076,076)
Weighted average number of common shares outstanding (basic and diluted)	43,064,004	41,455,030
Loss per share – basic and diluted	\$ (0.02)	\$ (0.03)

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. For periods in which a net loss is reported, potentially dilutive common share equivalents such as stock options and warrants are excluded from the weighted average number of common shares outstanding during the period because they are anti-dilutive.

All of the stock options and warrants currently issued (see Note 8) were anti-dilutive for the three and nine months ended September 30, 2022 and 2021.

**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	September 30, 2022	December 31, 2021
Cash and cash equivalents	3	Amortized cost	\$ 184,276	\$ 961,111
Receivables	4	Amortized cost	695	238
Environmental deposits		Amortized cost	34,127	36,697
Accounts payable and accrued liabilities	6	Amortized cost	8,146	27,537

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 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.

**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 \$219,098 at September 30, 2022 (December 31, 2021 - \$998,046). 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, 2022, the Group's cash and cash equivalents were held at three financial institutions (December 31, 2021 – 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, 2022, the Group's current liabilities consisted of accounts payable and accrued liabilities of \$8,146 which are due primarily within three months from the period end. The Group's cash and cash equivalents of \$184,276 at September 30, 2022, 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 and cash equivalents as at September 30, 2022, 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 \$1,800 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 and liabilities held at September 30, 2022.

Financial Instrument Type	Canadian Dollar	Currency	+/- 1% Fluctuation
Cash	\$ 778	U.S. Dollar	\$ 8 (8)
Accounts payable and accrued liabilities	(1,000)	U.S. Dollar	(10) 10
<b>Total</b>	<b>\$ (222)</b>	<b>\$</b>	<b>(2) \$ 2</b>

*Other Price Risk*

The Group did not hold any financial instruments that had direct exposure to other price risks at September 30, 2022.

**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 and nine months ended September 30, 2022 and 2021 are as follows:

	September 30, 2022			
	Canada	Finland	Peru	Total
Current assets	\$ 181,417	\$ 18,004	\$ -	\$ 199,421
Environmental deposits	-	34,127	-	34,127
Exploration and evaluation assets	-	4,090,148	-	4,090,148
<b>Total assets</b>	<b>\$ 181,417</b>	<b>\$ 4,142,279</b>	<b>\$ -</b>	<b>\$ 4,323,696</b>
Current liabilities	\$ 2,432	\$ 5,714	\$ -	\$ 8,146
<b>Total liabilities</b>	<b>\$ 2,432</b>	<b>\$ 5,714</b>	<b>\$ -</b>	<b>\$ 8,146</b>

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**14. SEGMENTED DISCLOSURE (continued)**

*Geographic segments (continued)*

	December 31, 2021				Total
	Canada	Finland	Peru		
Current assets	\$ 943,044	\$ 36,750	\$ 1,775	\$	981,569
Environmental deposits	-	36,697	-		36,697
Exploration and evaluation assets	-	3,778,602	-		3,778,602
<b>Total assets</b>	<b>\$ 943,044</b>	<b>\$ 3,852,049</b>	<b>\$ 1,775</b>	<b>\$</b>	<b>4,796,868</b>
Current liabilities	\$ 13,227	\$ 14,310	\$ -	\$	27,537
<b>Total liabilities</b>	<b>\$ 13,227</b>	<b>\$ 14,310</b>	<b>\$ -</b>	<b>\$</b>	<b>27,537</b>
	Three months ended September 30, 2022				
	Canada	Finland	Peru		Total
Expenses	\$ (183,482)	\$ (65,090)	\$ (761)	\$	(249,333)
Other income (expenses)	1,274	3	(2,916)		(1,639)
<b>Net loss for the period</b>	<b>\$ (182,208)</b>	<b>\$ (65,087)</b>	<b>\$ (3,677)</b>	<b>\$</b>	<b>(250,972)</b>
	Three months ended September 30, 2021				
	Canada	Finland	Peru		Total
Expenses	\$ (247,030)	\$ (150,655)	\$ (1,094)	\$	(398,779)
Other income (expenses)	1,087	3	(4)		1,086
<b>Net loss for the period</b>	<b>\$ (245,943)</b>	<b>\$ (150,652)</b>	<b>\$ (1,098)</b>	<b>\$</b>	<b>(397,693)</b>
	Nine months ended September 30, 2022				
	Canada	Finland	Peru		Total
Expenses	\$ (627,667)	\$ (239,659)	\$ (1,398)	\$	(868,724)
Other income (expenses)	2,816	9	(2,889)		(64)
<b>Net loss for the period</b>	<b>\$ (624,851)</b>	<b>\$ (239,650)</b>	<b>\$ (4,287)</b>	<b>\$</b>	<b>(868,788)</b>
	Nine months ended September 30, 2021				
	Canada	Finland	Peru		Total
Expenses	\$ (741,681)	\$ (335,129)	\$ (3,012)	\$	(1,079,822)
Other income (expenses)	3,758	3	(15)		3,746
<b>Net loss for the period</b>	<b>\$ (737,923)</b>	<b>\$ (335,126)</b>	<b>\$ (3,027)</b>	<b>\$</b>	<b>(1,076,076)</b>



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

*Information about subsidiaries:* The consolidated financial statements include the following subsidiaries:

	Country of Incorporation	% Equity interest at	
		September 30, 2022	December 31, 2021
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. <sup>(1)</sup>	Peru	0	100

<sup>(1)</sup> Minera Strategic Peru S.A.C. was dissolved with effect May 31, 2022. The Company's previously held Peruvian mineral claims expired on June 30, 2021.

*Related party expenses and balances:* The Group incurred the following expenses with related parties:

Company	Nature of transactions	Three months ended September 30,	
		2022	2021
Miedzi Copper Corp	G&A	\$ 10,937	\$ 17,401
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
		\$ 81,407	\$ 87,871

Company	Nature of transactions	Nine months ended September 30,	
		2022	2021
Miedzi Copper Corp	G&A	\$ 38,527	\$ 49,671
Hathaway Consulting Ltd.	Fees	63,000	63,000
Into the Blue Management Inc.	Fees	81,000	81,000
Lyle E Braaten Law Corp.	Fees	67,410	67,410
		\$ 249,937	\$ 261,081

Miedzi Copper Corp. is considered 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 September 30, 2022 and December 31, 2021.

*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,		Nine months ended September 30,	
	2022	2021	2022	2021
Short-term benefits (i)	\$ 109,994	\$ 112,410	\$ 332,121	\$ 309,265
Share-based payments (ii)	26,940	46,158	83,665	136,805
Total remuneration	\$ 136,934	\$ 158,568	\$ 415,786	\$ 446,070

(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 condensed consolidated interim statements of comprehensive loss.

(iii) Key management personnel were not paid post-employment benefits, termination benefits, or long-term benefits during the three or nine months ended September 30, 2022 and 2021.

**16. COMMITMENTS**

As at September 30, 2022, the Group has entered into agreements that require minimum payments in the aggregate as follows:

Due within one year	\$ 8,800
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