STRATEGIC RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH AND NINE MONTH PERIODS ENDED MARCH 31, 2023

TSX-V: SR

www.strategic-res.com

The following management discussion and analysis ("MD&A") of Strategic Resources Inc. ("Strategic" or the "Company") for the three-month and nine-month periods ended March 31, 2023 should be read in conjunction with the unaudited condensed interim consolidated financial statements ("interim financial statements") for the three-month and nine-month periods ended March 31, 2023, together with the notes thereto. The unaudited condensed interim consolidated financial statements have been prepared in Canadian dollars, which is the Company's presentation currency in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), and International Financial Reporting Standards (''IFRS'') as issued by the International Accounting Standards Board ("IASB"). The Company's significant accounting policies are set out in Note 3 of the consolidated financial statements of BlackRock Metals Inc. ("BlackRock") for the year ended June 30, 2022 and, where required, in Note 3 of the unaudited condensed interim consolidated financial statements for the three-month and nine-month periods ended March 31, 2023.

This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the "Forward Looking Statements" section later in this MD&A for further information. All figures in this MD&A are expressed in thousands of Canadian dollars, unless otherwise stated.

Adrian Karolko, P.Geo., is a qualified person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and has reviewed and approved for inclusion the scientific and technical disclosure in this MD&A.

The Board of Directors approved this MD&A on May 23, 2023.

Reverse takeover transaction, private placement and TSXV listing

On December 13, 2022, BlackRock Metals Inc. ("BlackRock") entered into an arm's length share exchange agreement (the "Share Exchange Agreement") with Strategic Resources Inc. ("Strategic") pursuant to which Strategic acquired all of the outstanding shares in BlackRock for shares of Strategic (the "Transaction"). The Transaction constituted a reverse takeover of Strategic. Upon completion of the Transaction, BlackRock became a wholly-owned subsidiary of Strategic. However, after the Transaction, the shareholders of BlackRock held a majority of the common shares of Strategic. Strategic continued to trade on the TSX Venture Exchange (the "TSXV") under the name "Strategic Resources Inc.".

In connection with the Transaction:

- All of the long-term debt with shareholders in BlackRock were converted into 2,473,177,376 common shares of BlackRock.
- All of BlackRock's issued and outstanding common shares were exchanged for 280,000,000 Strategic common shares. The Restricted Share Units ("RSU") issued by BlackRock were exchanged for replacement Strategic RSUs.
- Strategic raised $14.0 million through a private placement of $13.5 million of subscription receipts ("Receipts") and $0.5 million of convertible debentures (collectively the "Offering"). The Receipts were issued at a pre-consolidation price of $0.50 per Receipt. Each Receipt entitled the holder to receive, without payment of additional consideration or further action, upon closing of the Transaction, one common share of Strategic (a "Strategic Share"). Upon closing of the Transaction, the convertible

debentures automatically converted to common shares of Strategic at a pre-consolidation price of $0.50 per share.

- Immediately prior to the completion of the Transaction, Strategic consolidated its common shares on the basis of 1 post-consolidation Strategic common share for every 6 Strategic common shares existing before such consolidation.
- On March 31, 2023, Strategic completed the Transaction with BlackRock.
- On April 12, 2023, Strategic's common shares (post Transaction) began trading on the TSX Venture Exchange under the symbol "SR.V".

For accounting purposes, it has been determined that Strategic was the accounting acquiree and BlackRock was the accounting acquirer as the shareholders of BlackRock now control Strategic, based upon the guidance in IFRS 10, Consolidated Financial Statements, and IFRS 3, Business Combinations, to identify the accounting acquirer. Since BlackRock is considered the accounting acquirer, the consolidated financial statements are prepared as a continuation of the financial statements of BlackRock as a result, 2022 comparative information included herein is solely that of BlackRock.

Description of business and overview

The Company is developing a metals and materials manufacturing business from its wholly-owned vanadium and titanium bearing magnetite ("VTM") deposit in Québec, Canada (the "Project"). The mine and concentrator portion of the Project is located approximately 700 km north of Montréal, and 20 km southeast (60 km by road) of Chibougamau, Québec on traditional Cree lands within the James Bay Territory.

The Company's metallurgical facility will be located at Port Saguenay, a Federal deep-sea port and industrial park with access to the St. Lawrence Seaway. Port Saguenay is 380km south of Chibougamau and is connected by existing railway. Both the mine site and metallurgical facility are permitted to commence construction.

The Company intends to produce a number of critical minerals including Vanadium, Titanium and High Purity Pig Iron in an integrated operation. The Project will be the first VTM mine in North America and is planned to be one of the lowest carbon emitting metallurgical facilities in the world. The plant is designed to be green hydrogen ready and the Company's plans call for these critical and strategic minerals to be transformed into green products used by industry to produce high quality metal alloys and advanced batteries, reducing the global greenhouse gas emissions of producing such products.

The Company is currently in the process of raising the required capital for the construction of the Project.

On December 23, 2021, BlackRock obtained an Initial Order from the Superior Court of Québec (Commercial Division) (the "**Court**") and initiated proceedings pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"). In connection with the CCAA Proceedings, on December 22, 2021, BlackRock entered into a purchase and sale agreement ("**Purchase Agreement**") with OMF Fund II H. Ltd. and Investissement Québec (collectively the **"Secured Lenders"**), pursuant to which (i) the Secured Lenders would become the owners of BlackRock through the forgiveness of the loan payable in exchange for 100% of the equity of the company and (ii) reorganization transactions according to which certain liabilities and assets of BlackRock would be transferred to a new company that would then become a CCAA party. On May 31, 2022, the Court issued an

Approval and Vesting Order ("**RVO**") approving the Purchase Agreement and the reorganization transactions contemplated under the Purchase Agreement. BlackRock emerged from the recapitalization plan activities with a gain of $55,349 as a result of the transfer of various excluded obligations and assets.

The Company also holds two vanadium projects in Finland as follows:

Mustavaara Project

Mustavaara is a large vanadium-iron-titanium deposit, which was mined by the Finnish state company Rautaruukki Oy between 1976 and 1985. Mustavaara is located in the Municipality of Taivalkoski, 75 kilometres southwest of the city of Kuusamo. The three mineral claim reservations held comprise an area of approximately 2,650 hectares. The vanadium produced from Mustavaara and the nearby Otanmäki deposit accounted for approximately 10% of the world's vanadium production at that time. Mining was suspended due to adverse market conditions and the processing facilities were dismantled in 2001. Ferrovan commissioned Pöyry Finland Oy to complete a Pre-Feasibility Study ("PFS") for the project in 2011. The resulting 2012 PFS outlined a project that would have a concentrator near site and a smelting plant located close to the coast in the city of Raahe.

During the first half of 2021, the Company worked with AFRY Finland Oy to complete a Preliminary Economic Assessment ("PEA") on Mustavaara, the results of which were announced on May 4, 2021 in a news release titled "Strategic Resources Announces Mustavaara PEA; €190M After-tax NPV (8%) with a 20 Year Mine Life." A NI 43-101 technical report, titled "NI 43-101 Technical Report Preliminary Economic Assessment on the Mustavaara Vanadium project, Finland" detailing the PEA for the Mustavaara Project was completed and filed on SEDAR and Strategic's website on June 10, 2021, with an effective date of May 4, 2021.

Silasselkä Project

On June 10, 2019, the Company closed on a property option and joint venture agreement with Aurion (the "Aurion Agreement") for Silasselkä which comprised 7 claims, 4 exploration licenses and 2 exploration reservations totaling approximately 25,900 hectares in northern Finland. These have since been amended and reduced to comprise an area of approximately 14,040 hectares consisting of 7 claims, 5 exploration licenses and 2 exploration reservations. The earn-in giving Strategic 100% ownership was completed in June 2022 through the final issuance of 1,166,666 common shares of the Company 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.

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

(expressed in thousands of Canadian dollars, unless otherwise stated)

Additional Information

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

Financial highlights

	For the three-month periods ended March 31		For the nine-month periods ended March 31	
	2023	2022	**2023**	2022
Expenses				
General and administrative	**(74)**	(158)	**(537)**	(478)
Salaries, benefits and directors' fees	**(223)**	(603)	**(563)**	(1,749)
Professional fees	**(488)**	(215)	**(971)**	(977)
Restructuring fees	**-**	(568)	**(45)**	(1,643)
Depreciation, amortization and share-based compensation	**(973)**	(22)	**(2,919)**	(122)
Other income (expenses)				
Finance income	**150**	27	**317**	68
Finance expenses	**(393)**	(4,141)	**(1,076)**	(16,170)
Foreign exchange gain (loss)	**1**	747	**(1)**	(420)
Change in fair value of derivative financial instruments and warrants	**-**	-	**-**	17,318
Change in fair value of restricted share unit liability	**(204)**	-	**(798)**	-
Stakeholder support	**-**	-	**(4,603)**	-
Reverse acquisition of Strategic	**(20,627)**	-	**(20,627)**	-
Gain (loss) on disposal of property, plant and equipment	**(1)**	-	**(2)**	4
Income and mining tax (expense) recovery	**(20)**	-	**(20)**	41
(Loss) income for the period	**(22,852)**	(4,933)	**(31,845)**	(4,128)
Basic and diluted (loss) income per share	**(0.50)**	(75.25)	**(0.71)**	(62.97)

	March 31, 2023	June 30, 2022
Total assets	179,534	163,556
Non-current liabilities	24,133	23,586
Total liabilities	38,447	35,336
Equity	141,087	128,220

Quarter-end results

The results for the three-month period ended March 31, 2023 represent the third quarter since BlackRock exited CCAA Proceedings on May 31, 2022. The comparative results for the three-month period ended March 31, 2022 was when the Company was in CCAA Proceedings.

General and administrative

For the three-month period ended March 31, 2023, general and administrative expenses decreased by $84 compared to the same period in the previous year mainly due to increased activities to close the Transaction with Strategic, increased cost of insurance after exiting from CCAA Proceedings and increased activities for constructions financing, offset by lower short-term lease rent due to the reduction in the size of office space and related office expenses. The decrease was due to some fees related to share issuance, incurred in previous quarter, being capitalized against the gross proceeds on successful completion of the private placement during the quarter.

Salaries, benefits and directors' fees
For the three-month period ended March 31, 2023, salaries, benefits and directors' fees decreased by $380 from the same period in the previous year due to the departure of some employees and a reduction in the number of directors.

Professional fees
For the three-month period ended March 31, 2023, professional fees increased by $273 compared to the same period in the previous year due to additional work related to the closing of the Transaction with Strategic.

Restructuring fees
For the three-month period ended March 31, 2023, there were no restructuring fees compared to $568 for the comparative period when the Company was in CCAA Proceedings and incurred significant professional fees.

Depreciation, amortization and share-based compensation
For the three-month period ended March 31, 2023, share-based compensation of $973 represented the calculated fair value of restricted share units ("RSUs") issued to employees and directors which is expensed over the vesting period of the RSUs. For the three-month period ended March 31, 2022, there was share-based compensation of $21 relating to vesting of share options issued in the previous year and $1 in depreciation and amortization.

Finance income
For the three-month period ended March 31, 2023, finance income increased by $123 compared to the same period in the previous year as a result of the higher interest rates earned on restricted investments.

Finance expenses
For the three-month period ended March 31, 2023, finance expenses decreased by $3.7 million to $0.4 million from the same period in the previous year. The decrease was due to the fact that approximately $101 million of secured loans payable at March 31, 2022 were exchanged for common shares of the Company, upon completion of CCAA Proceedings, thereby significantly reducing interest expense thereon.

Foreign exchange gain (loss)
For the three-month period ended March 31, 2023, gain in foreign exchange decreased by $746 to $1 compared to the same period in the previous year. The foreign exchange gain was recorded for the foreign exchange movements on financial assets and liabilities denominated in USD. There is a significant decrease because most of the foreign exchange gain was previously attributable to the US$40 million off-take agreement prepayment, which was eliminated upon completion of CCAA Proceedings.

Changes in fair value of restricted share unit liability
For the three-month period ended March 31, 2023, the earned portion of the restricted share units ("RSUs") issued to employees and directors, has been revalued resulting in a loss of $204.

Reverse acquisition of Strategic
For the three-month period ended March 31, 2023, the expense of $20,627 represents the excess of consideration transferred by BlackRock to acquire the net assets of $2,597 of Strategic during the reverse acquisition.

Income and mining taxes expense
For the three-month period ended March 31, 2023, income and mining tax expense of $20 was recorded, representing a reduction in mining tax credit refund received. There was no income and mining taxes expense for the three-month period ended March 31, 2022.

Year to date results

The results for the nine-month period ended March 31, 2023 represent the three quarters since the Company exited CCAA Proceedings on May 31, 2022. The comparative results for the nine-month period ended March 31, 2022 included a period since the Company entered into CCAA Proceedings on December 23, 2021.

General and administrative
For the nine-month period ended March 31, 2023, general and administrative expenses increased by $59 compared to the same period in previous year due to increased activities to close the Transaction with Strategic, increased cost of insurance after exiting from CCAA Proceedings and increased activities for construction financing offset by lower short-term lease rent due to the reduction in the size of office space and related office expenses.

Salaries, benefits and directors' fees
For the nine-month period ended March 31, 2023, salaries, benefits and directors' fees decreased by $1,186 from the same period in the previous year due to the departure of some employees and a reduction in the number of directors.

Professional fees
For the nine-month period ended March 31, 2023, professional fees decreased by $6 compared to the same period in the previous year due to reduction in the number of outside consultants previously used offset by additional work related to the closing of the Transaction with Strategic.

Restructuring fees
For the nine-month period ended March 31, 2023, restructuring fees decreased to $45 compared to $1,643 for the comparative period when the Company was in CCAA Proceedings and incurred significant professional fees.

Depreciation, amortization and share-based compensation
For the nine-month period ended March 31, 2023, depreciation and amortization was $1 and share-based compensation was $2,918. The share-based compensation represented the calculated fair value of RSUs

issued to employees and directors which is expensed over the vesting period of the RSUs. For the nine-month period ended March 31, 2022, there was share-based compensation of $115 relating to vesting of share options issued in the previous year and $7 in depreciation and amortization.

Finance income

For the nine-month period ended March 31, 2023, finance income increased by $249 compared to the same period in the previous year as a result of the higher interest rates earned on restricted investments.

Finance expenses

For the nine-month period ended March 31, 2023, finance expenses decreased by $15.1 million to $1.1 million from the same period in the previous year. The decrease was due to the fact that approximately $101 million of secured loans payable at March 31, 2022 were exchanged for common shares of the Company, upon completion of CCAA Proceedings, thereby significantly reducing interest expense thereon.

Foreign exchange gain (loss)

For the nine-month period ended March 31, 2023, loss in foreign exchange decreased by $419 to $1 compared to the same period in the previous year. The foreign exchange loss was recorded for the foreign exchange movements on financial assets and liabilities denominated in USD. There is a significant decrease because most of the foreign exchange loss was previously attributable to the US$40 million off-take agreement prepayment, which was on completion of CCAA Proceedings.

Changes in fair value of derivative financial instruments and warrants

There was no change in fair value of derivative financial instruments and warrants for the nine-month period ended March 31, 2023 compared to a gain of $17,318 for the comparative period. The gain reflected the changes in assumptions used to estimate the fair value of the embedded derivative and warrants, which were subsequently cancelled as a result of the conversion of the loan payable into common shares of the Company upon completion of CCAA Proceedings.

Changes in fair value of restricted share unit liability

For the nine-month period ended March 31, 2023, the earned portion of the RSUs issued to employees and directors, has been revalued resulting in a loss of $798.

Stakeholder support

For the nine-month period ended March 31, 2023, the expense of $4,603 represents the fair value of common shares which has been issued to a stakeholder for continued participation in the project development, including but not limited to guidance with respect to social acceptability issues and environmental stewardship and for continuing support of the development of important project related infrastructure initiatives.

Reverse acquisition of Strategic

For the nine-month period ended March 31, 2023, the expense of $20,627 represents the excess of consideration transferred by BlackRock to acquire the net assets of $2,597 of Strategic during the reverse acquisition.

Income and mining taxes expense

For the nine-month period ended March 31, 2023, income and mining tax expense of $20 was recorded, representing a reduction in mining tax credit refund received. There was an income and mining taxes recovery of $41 recorded for the nine-month period ended March 31, 2022.

(expressed in thousands of Canadian dollars, unless otherwise stated)

Cash-flows

	For the nine months ended March 31	
	2023	2022
Net cash used in operating activities	**(3,886)**	(5,929)
Net cash used in investing activities	**(311)**	(624)
Net cash provided by (used in) financing activities	**14,935**	(97)
Net decrease in cash	**10,738**	(6,650)
Cash – beginning of the period	**2,107**	7,230
Cash – end of the period	**12,845**	580

Year to date cash flows

Operating activities
For the nine-month period ended March 31, 2023, operating activities used $3.9 million compared to $5.9 million used for the same period in previous year. The decrease in cash used is primarily due to the savings of professional fees related to CCAA Proceedings and lower salaries, benefits and director fees compared to the same period in the previous year.

Investing activities
For the nine-month period ended March 31, 2023, cash used in investing activities was $311 compared to $624 in the same period in the previous year due to a lower level of property, plant and equipment acquisitions compared to the same period in the previous year. The Company continues to do work on environment and detailed engineering activities which are necessary to keep all construction licences up to date and for the completion of financing of the project.

Financing activities
For the nine-month period ended March 31, 2023, the Company received funds of $13,536 from shares issuance in the private placement and $1,500 from long-term debt with shareholders and paid $101 in lease obligations whereas in the same period of the previous year, the Company only paid $97 in lease obligations.

Liquidity and capital resources

As at March 31, 2023, the Company had cash of $12,845 compared to $2,107 at June 30, 2022. The Company had a working capital of $10,050 and a shareholders' equity of $141,087 as at March 31, 2023. The Company's business plan is dependent on raising additional funds to finance the Project. To date, the Company has been able to finance its operations through proceeds from the issuance of long-term debt and equity financing, including financing received upon completion of CCAA Proceedings as described under Financing Activities below. Refer to note 2 (Going concern) to the condensed interim consolidated financial statements as at and for the three-month and nine-month periods ended March 31, 2023 for additional information concerning the going concern basis of presentation.

(expressed in thousands of Canadian dollars, unless otherwise stated)

Financing activities

On June 2, 2022, BlackRock entered into a two-year loan agreement with OMF Fund II H. Ltd and Investissement Québec for a maximum credit facility of $28 million, with interest at 8% per annum, which is capitalized quarterly and added to the principal amount of the loan until its maturity date of June 2, 2024. On March 31, 2023, $3.3 million outstanding under that facility has been converted into shares of the Company and the facility has been terminated.

Selected quarterly information

The following table sets out selected unaudited interim quarterly financial information of BlackRock covering the last eight quarters and is derived from the unaudited condensed interim consolidated financial statements of the Company.

Quarter Ended	Revenue	Net income (loss)	Basic and diluted income (loss) per share*
March 31, 2023	–	(22,852)	(0.50)
December 31, 2022	–	(7,185)	(0.16)
September 30, 2022	–	(1,808)	(0.04)
June 30, 2022	–	43,732	3.22
March 31, 2022	–	(4,933)	(75.25)
December 31, 2021	–	8,170	124.62
September 30, 2021	–	(7,364)	(112.33)
June 30, 2021	–	(8,646)	(131.88)

*Adjusted retroactively for common shares of BlackRock exchanged for post-consolidation common shares of Strategic

On December 23, 2021, the Company entered CCAA Proceedings and operated under the supervision of a court appointed monitor until May 31, 2022, when the Court approved the reorganization transactions as discussed above. The net income for the quarter ended December 31, 2021 is due to the gain in change in fair value of warrants which became out of the money. The net income for the quarter ended June 30, 2022 is a result of the gain on recapitalization plan activities, cancellation of the warrants and derecognition of the embedded derivative as discussed above.

Commitments and obligations

In the normal course of business, the Company enters into contracts that give rise to commitments and contractual obligations. The following table summarizes the Company's contractual obligations as at March 31, 2023:

(expressed in thousands of Canadian dollars, unless otherwise stated)

	Less than one year	One to five years	More than five years	Total
Operating lease payments	3	1	–	4
Services agreement	13	–	–	13
Purchase orders	100	–	–	100
Payables and accrued liabilities	11,210	–	–	11,210
Contractual lease obligations	627	3,956	43,080	47,663
Restricted share unit liability	2,477	1,238	–	3,715
Asset retirement obligations	–	–	1,065	1,065
	14,430	**5,195**	**44,145**	**63,770**

The Company also entered into contracts which have contracted commitments as follows:

Hydro-Québec

Chibougamau

On March 30, 2012, BlackRock entered into a contribution agreement with Hydro-Québec by which Hydro-Québec shall provide electricity at high voltage to supply the new electrical installation located east of Lac Chibougamau with a projected available power of 40MW. The total cost of construction of the power line was estimated at $28.4 million of which Hydro-Québec would pay for $9.7 million of the total costs, and BlackRock would pay the remaining $18.7 million. On November 7, 2019, the agreement was temporarily suspended to allow for the rescheduling of the project's construction, with a deemed completion date of September 13, 2020. An amendment signed in October 2021 extended the deemed completion date to June 21, 2022.

The contribution portion of Hydro-Québec is secured by a letter of credit. This letter of credit is to be released over 20 years based on the annual consumption of electricity at BlackRock Project once in operation.

As at March 31, 2023, a letter of credit, renewable every year, of $4.9 million was issued by a Canadian bank in favor of Hydro-Québec to cover for Hydro-Quebec's portion of the cost of construction incurred to date plus applicable taxes. The letter of credit is secured by restricted investments consisting of a Guaranteed Investment Certificate (''GIC'') of the same amount.

In case the Project is not completed, or the consumption of electricity is less than as agreed in the contribution agreement, a portion of or the totality of the $4.9 million restricted investment will be payable to Hydro-Quebec. If the project is not completed by the deemed completion date, BlackRock is required to pay for the cumulative construction costs incurred by Hydro-Québec. As a result, given that the initial deemed completion date of September 13, 2020 has passed without being amended, a liability was recorded in the amount of $4.2 million (net of taxes) as at March 31, 2023. On April 14, 2023, Hydro-Québec granted an extension of the deemed completion date to September 30, 2023, prior to which BlackRock shall be required to submit a letter of resumption which may trigger a new estimate of the capital costs by Hydro-Québec for which BlackRock may be assessed additional construction costs and financial guarantees.

Hydro-Québec

Saguenay

On November 14, 2016, BlackRock entered into an agreement with Hydro-Québec by which Hydro-Québec shall provide electricity at high voltage to supply the new metallurgical plant located in Saguenay with, projected available power of 85MW. The supply of the 85MW of electricity required for BlackRock's metallurgical plant in the Saguenay Port industrial zone will require the construction of a 9.1Km 161 Kv multiuser transmission line. The total cost of construction of the power line was estimated at $33.3 million of which Hydro-Québec, through a contribution agreement, would pay $30.5 million of the total cost, and BlackRock would pay the remaining $2.8 million.

In 2018, the Port of Saguenay and the Government of Québec agreed to provide the financial guarantees required by Hydro-Québec subject to BlackRock's construction financing being finalized. On September 12, 2019, the agreement was temporarily suspended to allow for the rescheduling of the project's construction.

As at March 31, 2023, a letter of credit, renewable every year, of $5.7 million was issued by a Canadian bank in favor of Hydro-Québec to cover Hydro-Quebec's portion of the cost of construction to date plus applicable taxes. The letter of credit is secured by restricted investments consisting of a GIC of the same amount. However, the Port of Saguenay and the Government of Québec have agreed to reimburse the letter of credit when the construction financing will be confirmed. The amended contribution agreement contains a deemed completion date of June 21, 2022. If the project is not completed at that time, BlackRock is required to pay for the cumulative construction costs incurred by Hydro-Québec. As a result, given that the deemed completion date of June 21, 2022 has passed, a liability was recorded in the amount of $5.0 million (net of taxes) as at March 31, 2023. On April 14, 2023, Hydro-Québec granted an extension of the deemed completion date to September 30, 2023, prior to which BlackRock shall be required to submit a letter of resumption which may trigger a new estimate of the capital costs by Hydro-Québec for which BlackRock may be assessed additional construction costs and financial guarantees.

Outstanding share capital, stock options and warrants

The authorized share capital consisted of an unlimited number of common shares without par value.

As at May 23, 2023, there were 58,808,598 common shares, 489,000 stock options, 597,500 warrants and 2,256,609 RSUs issued and outstanding.

Transaction with related parties

For the nine-month period ended March 31, 2023, the Company incurred management salaries, bonuses and benefits of $622, share-based compensation of $2,918 and consulting fees of $260 for key management personnel and officers of the Company.

During the nine-month period ended March 31, 2023, the Company received an additional $1,500 under the two-year loan agreement with OMF Fund II H. Ltd and Investissement Québec, its shareholders. The terms of the loan are disclosed under Financing activities section above.

Off-balance sheet arrangements

Other than the short-term operating lease commitments referred to under 'Commitments and Obligations' above, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments or any obligations that would trigger financing, liquidity, market or credit risk to the Company.

Critical accounting policies and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to apply accounting policies and make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is full disclosure of the Company's critical accounting policies and accounting estimates in notes 3 and 5 of the audited consolidated financial statements of BlackRock for the year ended June 30, 2022 and Note 3 of the condensed interim consolidated financial statements for the three-month and nine-month periods ended March 31, 2023.

Financial instruments and risk management

The Company's financial instruments consist of cash, restricted investments and payables and accrued liabilities. The Company's financial instruments description and disclosure can be found in note 18 of the condensed interim consolidated financial statements for the period ended March 31, 2023.

The Company's risk management objectives and policies are disclosed in note 18 of the condensed interim consolidated financial statements for the period ended March 31, 2023.

Subsequent events

There are no subsequent events.

Proposed transactions

There are no proposed transactions.

Risks and uncertainties

The exploration of mineral deposits involves significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Some of the more prominent risk factors that may materially affect the Company's future performance are listed below.

The Company depends on a single project.
The BlackRock Project accounts for most of the Company's mineral resources and mineral reserves and exclusively represents the current potential for the future generation of revenue. Mineral exploration and development involve a high degree of risk that even a combination of careful evaluation, experience and knowledge cannot eliminate and few properties that are explored are ultimately developed into producing mines. Any adverse development affecting the BlackRock Project will have a material adverse effect on our

business, prospects, financial position, results of operations and cash flows.

The successful start of mining operations and the development of the metallurgical operations into a commercially viable project cannot be assured.
Development of mineral properties involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The commercial viability of a mineral deposit is dependent upon several factors which are beyond the Company's control, including the attributes of the deposit, commodity prices, government policies and regulation and environmental protection. Fluctuations in the market prices of minerals may render resources and deposits containing relatively lower grades of mineralization uneconomic.

There are numerous activities that need to be completed in order to successfully commence development and production at the BlackRock Project, including, without limitation: optimizing the mine plan; recruiting and training personnel; having available funds to finance construction and development activities; avoiding potential increases in costs; negotiating contracts for railway transportation, port loading and handling and for the sale of iron ore; updating, renewing and obtaining, as required, all necessary permits, including, without limitation, environmental permits; and handling any other infrastructure issues.

There is no certainty that we will be able to successfully complete these activities, since most of these activities require significant lead times, and we will be required to manage and advance these activities concurrently in order to begin production. A failure or delay in the completion of any one of these activities may delay production, possibly indefinitely, at the BlackRock Project and would have a material adverse effect on our business, prospects, financial position, results of operations and cash flows.

As such, there can be no assurance that the Company will be able to complete development of the BlackRock Project at all, on time or in accordance with any budgets due to, among other things, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support operations. Failure to successfully complete these events as expected would have a material adverse effect on our business, prospects, financial position, results of operations and cash flows.

There is no assurance that the Company will ever achieve production or that the Company will ever be profitable if production is achieved.

Titles and other rights to the Company's Property cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects.
The Company cannot guarantee that title to the Company's Properties will not be challenged. The Company may not have, or may not be able to obtain, all necessary surface rights to develop the BlackRock Project. Title insurance generally is not available for mineral properties, and our ability to ensure that we have obtained secure claim to individual mineral properties or mining concessions comprising the BlackRock Project may be severely constrained. The BlackRock Project may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. We have not conducted surveys of all the claims in which we hold direct or indirect interests. A successful challenge to the precise area and location of these claims could result in our being unable to operate on all or part of the Company Property as permitted or being unable to enforce our rights with respect to all or part of the Company Property.

This could result in the Company not being compensated for its prior expenditures relating to the property. In addition, the Company's ability to continue to explore and develop the property may be subject to agreements with other third parties including agreements with aboriginal groups.

The Company needs to enter contracts with external service providers.
Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop a mine and metallurgical facilities, the Company will need to negotiate and conclude various agreements with external service providers for rail transportation and port loading and handling, and these are important determinants that affect capital and operating costs. The inability to conclude any such agreements could have a material adverse effect on the Company's financial position, results of operations and cash flows and render the development of a mine on the BlackRock Project unviable.

The Company's activities are subject to environmental laws and regulations that may increase its costs of doing business and restrict the Company's operations.
All of our exploration, potential development and production activities in Canada are subject to regulation by governmental agencies under various environmental laws, including with respect to air emissions, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in our intended activities.

There can be no assurance that future changes in environmental regulations will not adversely affect our business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of our business, causing us to re-evaluate those activities at that time. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulator or judicial authorities, causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

The Company may experience difficulty attracting and retaining qualified management and technical personnel to meet the needs of its anticipated growth.
We are dependent on the services of key executives, including our Chairman and Chief Executive Officer and other highly skilled and experienced executives and personnel focused on managing the Company's interests and the advancement of the BlackRock Project and on identifying new opportunities for growth and funding. Due to our relatively small size, the loss of these persons or our inability to attract and retain additional highly skilled employees, on a timely basis or at all, required for the development of our activities may have a material adverse effect on our business or future operations.

We also anticipate that, as we bring the BlackRock Project into production and, where appropriate, acquire additional mineral rights, we will experience significant growth in our operations. We expect this growth to create new positions and responsibilities for management and technical personnel and to increase demands on our operating and financial systems. There can be no assurance that we will successfully meet these demands and effectively attract and retain additional qualified personnel to manage our anticipated growth. The failure to attract such qualified personnel to manage growth would have a material adverse effect on our business, financial position, results of operations and cash flows.

The Company will require additional capital in the future, and no assurance can be given that such capital will be available at all or available on terms acceptable to the Company.
The Company currently has limited financial resources and no cash flow from production. Further development and exploration of the BlackRock Project depends upon the Company's ability to obtain financing through strategic partnerships, equity or debt financings, production-sharing arrangements or other dilutive or non-dilutive means. There is no assurance that the Company will be successful in obtaining required financing on acceptable terms, or at all. If the Company is unable to obtain additional financing it may consider other options, such as (i) selling assets, (ii) selling equity, or (iii) selling interests in the BlackRock Project. If the Company raises additional funding by issuing additional equity securities or other securities that are convertible into equity securities, such financings may substantially dilute the interest of existing or future shareholders. Sales or issuances of a substantial number of securities, or the perception that such sales could occur, may adversely affect the prevailing market price of the Company's common shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in earnings per share. Failure to obtain additional financing could result in an indefinite postponement of further exploration and development of the BlackRock Project and will have a material adverse effect on the Company's business, prospects, financial position, results of operations and cash flows.

In March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown currently, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating in future periods.

The Company has a history of losses and expects to incur losses for the foreseeable future.
The Company has incurred losses since its inception and expects to incur losses for the foreseeable future. We expect to continue to incur losses unless and until such time as the BlackRock Project enters commercial production and generate sufficient revenues to fund continuing operations. The development of the BlackRock Project will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration, evaluation and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred, the execution of any agreements with strategic partners and our acquisition of additional properties. Some of these factors are beyond our control. There can be no assurance that the Company will ever achieve profitability.

The Company may become party to litigation from time to time in the ordinary course of business.
The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against it, such a decision could adversely affect the Company’s ability to continue operating and could use significant Company resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

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

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

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

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

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

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

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

One of the Company's subsidiary and its mineral properties are in foreign countries and, therefore, a portion of the Company's business may be exposed to political, economic, social, security, and other risks and uncertainties.
Some of the Company's mineral properties are located in Finland. It may, therefore, be exposed to various types and degrees of security, economic, labour, political, social and other risks and uncertainties that could arise in this foreign jurisdiction.

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

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

This MD&A uses the terms "Measured", "Indicated" and "Inferred" Mineral Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission ("SEC") does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies. **United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable.**

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of the U.S. Private Securities Litigation Reform Act and applicable Canadian securities laws concerning anticipated developments and events that may occur in the future.

Forward looking information contained in this MD&A includes, but is not limited to, statements with respect to: (i) the estimation of mineral reserves and mineral resources; (ii) permitting time lines; (iii) the sufficiency of working capital; (iv) requirements for additional capital; (v) development, construction and production timelines and estimates; (vi) the timing of long lead equipment items; (vii) the supply of power and gas for the Project; (viii) the use of financing proceeds; (ix) the results of our Feasibility Study, including statements about estimated future production, future operating and capital costs, the projected internal rate of return (“IRR”), net present value (“NPV”), payback period, construction timelines and production timelines for the Project (as defined below); (x) forecasts for future expenditures; and (xi) the Company’s financing strategy for the development of the Project, including the anticipated amount, timing and successful completion of the financing for the construction of the Project, the expected timeline for the commencement of construction and its duration, the negotiation and conclusion of infrastructure contracts, implementation of agreements and ongoing consultation with aboriginal groups and initiatives to secure off-take partners.

In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

Forward-looking information contained in this MD&A is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of resource estimates, pig iron and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials to continue to explore and develop the BlackRock Project in the short-and long-term, the progress of exploration and development activities, the receipt of necessary regulatory approvals, the estimation of insurance coverage, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, these assumptions may prove to be incorrect.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information is made as of the date of this MD&A.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking information, and readers should also carefully consider the matters discussed under the heading, " Risks and uncertainties ", in this MD&A.