STRATEGIC MINERALS EUROPE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

The following management's discussion and analysis of the results of operations and financial condition ("MD&A") for Strategic Minerals Europe Corp. (the "Company" or "Strategic Minerals"), is prepared as of August 14, 2024, and should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes thereto for the quarter ended June 30, 2024 (the "Financial Statements"), which are available on the Company's web site at www.strategicminerals.com and on www.sedarplus.ca. Readers are encouraged to read the Cautionary Note Regarding Forward-Looking Information included on page 16 of this MD&A. The financial information in this MD&A is derived from the Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements in International Accounting Standard – Interim Financial Reporting ("IAS34"). Reference should also be made to pages 12 and 13 of this MD&A for information about non-IFRS measures referred to in this MD&A. ***All figures contained herein are expressed in United States dollars ("US" or "$"), except for production or as otherwise stated.***

SECOND QUARTER AND FIRST HALF 2024 HIGHLIGHTS

Some of the most relevant attainments of the Company during the second quarter and first six months of 2024 are as follows:

- On October 19, 2023, the Superior Court of Xustiza of Galicia (the "TSXG") decided to provisionally suspend the section C permit for the Company's Penouta Project (the "Decision") after a complaint was filed against the local mining authority Xunta de Galicia (the "Xunta"), requesting a revocation of the section C permit granted to the Company in May 2022. On October 23, 2023, the Company submitted an appeal of the Decision to the Administrative Court of the High Court of Justice of Galicia (the "High Court"). On December 13, 2023, the Company was notified of the High Court's decision to maintain the Decision and continue the provisional suspension of the section C of the Penouta Project until the main proceeding is decided. On June 12, 2024, the Company was notified that the TSXG has upheld on appeal its decision to suspend the section C permit for the Company's Penouta Project. The Company is exploring all available legal avenues to reverse the Decision and to expedite the reinstatement of the section C permit, including an appeal to the Supreme Court of Spain (the "SCS"). Meanwhile, operations at the section C of the Penouta Project continue to be suspended.

- Subsequent to the period end, on August 1, 2024, the Company announced the termination of the previously announced business combination agreement among the Company and IberAmerican Lithium Corp. ("IberAmerican") entered into on March 19, 2024, and amended and restated on June 17, 2024, pursuant to which IberAmerican had previously agreed to acquire all of the issued and outstanding common shares of the Company (the "Amended and Restated BCA"), in accordance with its terms. IberAmerican notified the Company on July 31, 2024, that, as the business combination was not completed on or before July 31, 2024, as required by the Amended and Restated BCA, IberAmerican was exercising its right to terminate the Amended and Restated BCA. The Company continues to seek alternative financing solutions.

- On June 11, 2024, the Company and IberAmerican entered into an amendment to the grid promissory note dated March 20, 2024, by which the line of credit was increased to up to CA$2.0 million. As of the date of this MD&A, the outstanding balance is CA$1,514,331 ($1.106 million).

- During the second quarter of 2024, the corresponding court ("Juzgado de lo mercantil") homologated to the entirety of the balance the restructuring plan directed at commercial suppliers with overdue debts totaling €2,486,421 ($2,685,086), which the Company presented and was approved by 90.45% of the affected commercial suppliers.

- During the second quarter of 2024, the Company maintained in place the required environmental controls and conducted the corresponding inspections of the compressed air facilities. Essential maintenance tasks were carried out to ensure the readiness of the plant equipment.

- The expenses related to maintain the plant in safe conditions while operations are suspended resulted in a net loss for the second quarter of 2024 of $1.283 million ($0.005 per share), which compares to a net income of $0.008 million ($0.000 per share) during the same period of 2023, the first full quarter of operations after the major overhaul of the main ball mill was successfully performed in February 2023. Net loss for first six months of the year amounted to $2.687 million (loss of $0.011 per share) compared to a net loss of $1.313 million (loss of $0.006 per share) during the same period of 2023.

- As at June 30, 2024, the Company had cash of $0.013 million, (December 31, 2023 - $0.817 million) available to settle current liabilities of $8.926 million (December 31, 2023 - $6.914 million). The Company has taken several actions to reduce the cost while operations are idled and is actively pursuing new sources of financing.

SELECTED FINANCIAL INFORMATION

Operating information	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Mill feed (thousand tonnes)	-	325	-	472
Cassiterite concentrate production (tonnes)	-	206	-	303
Tantalite and columbite concentrate production (tonnes)	-	40	-	63
Total concentrate production (tonnes)	**-**	**246**	**-**	**366**
Cassiterite concentrate sold (tonnes)	-	193	-	298
Tantalite and columbite concentrate sold (tonnes)	-	38	-	67
Total sales (tonnes)	**-**	**231**	**-**	**365**
Grade Tin (%)	-	69.7	-	69.6
Grade Ta2O5 (%)	-	24.7	-	23.0
Grade Nb2O5 (%)	-	26.4	-	24.8
Financial data ($ thousands, except per share amounts)				
Revenue	**-**	**4,628**	**-**	**7,530**
Changes in inventories of finished goods & work in progress	1	551	-	425
Raw materials and consumables used	-	(603)	-	(1,062)
Supplies	-	(1,433)	-	(2,538)
Depreciation and amortization expense	(274)	(420)	(547)	(824)
Profit before expenses and other	**(273)**	**2,723**	**(547)**	**3,531**
Total operating expenses	(961)	(2,669)	(1,854)	(5,396)
Adjusted EBITDA [1]	**(904)**	**604**	**(1,774)**	**(449)**
Gain on sale of assets and investment in associate	-	-	-	529
Impairment loss on property, plant and equipment	-	-	-	-
Other income (expense)	(69)	(46)	(306)	84
Net income (loss)	(1,283)	8	(2,687)	(1,313)
Earning (loss) per share - Basic and diluted	(0.005)	0.000	(0.011)	(0.006)

Balance sheet ($ thousands)	*Jun 30, 2024*	*Dec 31, 2023*
Cash and cash equivalents	13	817
Total assets	12,122	14,026
Total non-current liabilities	2,855	3,963

[1] See "Non-IFRS Measures" for full detail on Adjusted EBITDA

As there were no operations during the second quarter of 2024 due to the Decision, fixed and maintenance costs to keep the plant ready to resume operation, as well as certain services, were kept during the period. Total operating expenses during the three and six months ended on June 30, 2024, $0.961 million and $2.669 million respectively, were a third of those during the same periods of 2024 ($1.854 million and $5.396 million, respectively.)

BUSINESS DESCRIPTION

Strategic Minerals Europe Corp., formerly Buccaneer Gold Corp., is a company existing under the laws of Ontario, Canada. The address of the Company's registered and records office is 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1. The Company's Common Shares and certain of its share purchase warrants ("Warrants") trade on the Exchange under the symbols "SNTA" and "SNTA.WT", respectively. Strategic Minerals is also traded on the Frankfurt Stock Exchange open market under the symbol "26K0" and on the OTCQB marketplace under the symbol "SNTAF."

The Company, through its ownership of SMS, is engaged in the production, development and exploration of properties with tin, tantalum, niobium and other mineral content, and holds 100% of the mining rights to the Penouta Project, located in the northwestern Spanish province of Ourense.

In 2020, SMS was granted the permit to produce 1.2 million tonnes in the open pit, and on May 23, 2022, the Company was granted the definitive concession on section C of the Penouta Project, consisting of 16 mining squares with an area of 155.8 hectares (the "Concession C Grant"), which allows the Company to fully develop the open pit mine to exploit cassiterite (tin), tantalum and niobium, and also to exploit the industrial minerals that exist in the mine, such as quartz, feldspars and micas for a 30 year term, which is renewable for up to 75 years. As of the date hereof operations at the Penouta Project have been suspended due to the Decision.

Prior to the suspension of operations at the Penouta Project, the Company was the largest producer of cassiterite concentrate and tantalite and columbite concentrate in the European Union and was dedicated to: (i) the exploration, research, industrial processing and commercialization of all kinds of minerals and metals, (ii) the constitution, acquisition and sale of mining concessions, (iii) the acquisition and sale of shares and mining rights in general, (iv) rendering services to other companies or institutions directly or indirectly related to mining, and (v) the incorporation of companies or associations with similar purposes.

SIGNIFICANT TRANSACTIONS

IberAmerican Note

On March 20, 2024, the Company and Strategic Minerals Spain, S.L. ("SMS"), a wholly-owned subsidiary of the Company, issued a grid promissory note in favour of IberAmerican denominated in euros ("EUR" or "€") for up to €828,487 ($894,683). The IberAmerican Note bears interest at a rate of 8% per annum and is due on demand by IberAmerican upon or after termination of the Business Combination Agreement. On June 11, 2024, the line of credit was increased to up to CA$2.0 million ($1.461 million). As of the date of this MD&A, the outstanding balance is CA$1,514,331 ($1.106 million).

A director of the Company is a director, officer and shareholder of IberAmerican and one officer and one director of the Company are shareholders of IberAmerican. The shareholdings of such individuals do not individually or in the aggregate constitute control of IberAmerican.

OUTLOOK

The Company is currently focused on exploring all available legal avenues to reverse the Decision and to expedite the reinstatement of the section C permit, including an appeal to the SCS. Meanwhile, operations at the section C of the Penouta Project continue to be suspended and the Company continues to maintain the plant ready to resume operations at the Section C of its Penouta Project once allowed, and it is analyzing to resume production at a different section of its Penouta Project, in compliance with the TSXG Decision, with the exploitation of tailings and waste deposits to generate immediate cashflow.

Upon a favorable outcome of the Decision, the Company would be positioned to shift its focus towards executing the strategic plan for the Penouta Project, as described in the Company's MD&A for the year ended December 31, 2023, and in its Annual Information Form dated March 27, 2024, both of which are available on the Company's website and on www.sedarplus.ca.

The Company may review priorities to guarantee the continuity of the Company while the procedure advances and additional financing is obtained. As at June 30, 2024, the Company had cash of $0.013 million available to settle current liabilities of $8.926 million. These matters represent material uncertainties that cast significant doubt as to the ability of the Company to fulfill its commitments as planned.

RESULTS OF OPERATIONS AND OVERALL PERFORMANCE

Production and Sales

Production and sales	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Mill feed (thousand tonnes)	-	325	-	472
Cassiterite concentrate				
Production (tonnes)	-	206	-	303
Sales (tonnes)	-	193	-	298
Grade Tin (%)	-	69.7	-	69.6
Tantalite and columbite concentrate				
Production (tonnes)	-	40	-	63
Sales (tonnes)	-	38	-	67
Grade Ta_2O_5 (%)	-	24.7	-	23.0
Grade Nb_2O_5 (%)	-	26.4	-	24.8
Total Revenue ($ thousands)	-	4,628	-	7,530

Despite the Company's eagerness to resume operations, those remained suspended due to the Decision. Before the halt of operations, the Company had continuously improved output and quality of concentrate. Maintenance has continued to keep the plant in optimal conditions to resume operations soon after it is allowed to.

Operating results

($ thousands)	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Revenue	-	4,628	-	7,530
Profit (loss) before expenses and other	*(273)*	*2,723*	*(547)*	*3,531*
Depreciation and amortization expense	(35)	(68)	(58)	(135)
Employee expenses	(187)	(887)	(351)	(1,639)
Share-based payments	-	-	-	(248)
Other operating expenses	(739)	(1,713)	(1,444)	(3,374)
Results from operations before other expenses	*(1,234)*	*55*	*(2,400)*	*(1,865)*
Adjusted EBITDA [1]	***(904)***	***604***	***(1,774)***	***(449)***

[1] **See "Non-IFRS Measures" for full detail on Adjusted EBITDA**

During the second quarter of 2024, despite the suspension of operations, the Company maintained in place the required environmental controls and conducted the corresponding inspections of the compressed air facilities in accordance with local regulations.

Essential maintenance tasks were carried out to ensure the readiness of the plant equipment to resume operations once allowed by the TSXG.

The loss before expenses and other during the second quarter of 2024 was $0.273 million, driven exclusively by the depreciation of the period. Profit before expenses and other for the same period of 2023, was $2.723 million.

After the Decision, the Company applied for "ERTE", a program to preserve employment under specific circumstances, in which the social security system of Spain pays the employees a certain percentage of their salary during the time they are not working, and the Company only pays their social security wages and the time the employees are effectively working. This program has been extended and it will continue until July 2025. The average headcount during the second quarter of 2024 was 66 employees (78 during the same period of 2023). Total employee expenses amounted to $0.187 million for the second quarter of 2024 (2023 – $0.887).

Electricity and diesel consumption were minimal during the second quarter of 2024. The Company reached an agreement under the Power Purchase Agreement by which only the actual consumption of energy will be paid on an ongoing basis, deferring payments related to long-term solar energy coverage until operations resume, with all accumulated invoices due by March 31, 2025, including a 3% annual interest rate.

Other operating expenses remained at a low level and consist mainly of professional services and supplies. The details regarding these expenses can be found in the tables below:

Other Operating Expenses ($ thousands)	Q2 2024	Q2 2023	Variance	%Var.
Leases	9	72	(63)	-88%
Royalties	35	35	-	0%
Repairs and Maintenance	-	197	(197)	-100%
Professional services	307	416	(109)	-26%
Transportation	-	-	-	100%
Insurance premiums	18	17	1	6%
Banking and similar services	18	30	(12)	-40%
Advertising, publicity and public relations	3	4	(1)	-25%
Supplies (electricity / diesel)	284	748	(464)	-62%
Admin & Insurance	26	12	14	117%
Other Services	38	147	(109)	-74%
Other Taxes	1	35	(34)	-97%
Total Other Operating Expenses	**739**	**1,713**	**(974)**	**-57%**

Other Operating Expenses ($ thousands)	YTD 2024	YTD 2023	Variance	%Var.
Leases	32	183	(151)	-83%
Royalties	35	52	(17)	-33%
Repairs and Maintenance	27	399	(372)	-93%
Professional services	724	995	(271)	-27%
Transportation	-	13	(13)	-100%
Insurance premiums	37	29	8	28%
Banking and similar services	38	51	(13)	-25%
Advertising, publicity and public relations	8	11	(3)	-27%
Supplies (electricity / diesel)	392	1,318	(926)	-70%
Admin & Insurance	39	19	20	105%
Other Services	108	256	(148)	-58%
Other Taxes	4	48	(44)	-92%
Total Other Operating Expenses	**1,444**	**3,374**	**(1,930)**	**-57%**

As a summary, the Company implemented and maintains certain proactive actions to preserve the operations, namely:

1. Adherence to the ERTE program to protect the employment of its personnel.
2. A program to preserve the physical integrity of the facilities and equipment under the non-normal operational state of the mine.
3. An operating program for water management in the different reservoirs involved in the mine.
4. Coordination with suppliers to minimize the impact of the Decision for the suppliers.
5. A plan to mitigate the social impact for the community, especially in Viana de Bollo and border towns.
6. Environmental controls continued to be carried out and the normal record capture plan continued in the variables of noise, vibrations, water, and dust, maintaining all values within the range allowed by the technical and legal regulations, both national and international.

All these measures are intended to preserve cash flow and withstand while operations at section C of the Penouta Project resume.

STOCK OPTIONS

No stock options of the Company were granted, cancelled, or expired during the second quarter of 2024.

As of the date of this MD&A, the following stock options of the Company were outstanding and exercisable. The below listed stock options of the Company have an average remaining life of 2.82 years:

Grant Date	Vesting Date	Expiry Date	Exercise Price (CA$)	Stock Options Outstanding
7-Dec-21	7-Dec-21	7-Dec-26	0.25	13,215,000
20-Jan-22	20-Jan-22	20-Jan-27	0.27	100,000
16-Jan-23	16-Jan-23	16-Jan-28	0.085	5,695,000
11-Sep-23	11-Sep-23	11-Sep-28	0.035	600,000
			Total	**19,610,000**

SOCIALLY RESPONSIBLE, SUSTAINABLE AND SCALABLE

The Company has established an environmental policy (the "Environmental Policy") based on its responsibility to protect and rehabilitate the environment in areas where the Company has conducted exploration and development work. The Company's primary objective is to prevent environmental damage and protect and rehabilitate the environment in the areas affected by its mining activities, by applying preventative measures at the Penouta Project to minimize its environmental impact as much as possible, reducing the impact that it would have in the surrounding area using protective and corrective measures.

The Environmental Policy is described in the Company's MD&A for the year ended December 31, 2023 and in its Annual Information Form dated March 27, 2024, both of which are available on the Company's website and on www.sedarplus.ca.

SUMMARY OF QUARTERLY RESULTS

	2024		2023				2022		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operating information									
Mill feed (thousand tonnes)	-	-	49	293	325	147	156	226	214
	-	-							
Cassiterite concentrate production (tonnes)	-	-	24	174	206	98	87	174	153
Tantalite and columbite concentrate production (tonnes)	-	-	4	35	40	23	18	32	28
Total concentrate production (tonnes)	-	-	*28*	*209*	*246*	*121*	*105*	*206*	*181*
Cassiterite concentrate sold (tonnes)	-	-	25	196	193	105	100	161	141
Tantalite and columbite concentrate sold (tonnes)	-	-	4	38	38	29	21	30	24
Total sales (tonnes)	-	-	*29*	*234*	*231*	*134*	*121*	*191*	*165*
Grade Tin (%)	-	-	71.0	70.5	69.7	69.5	69.9	70.5	71.2
Grade Ta2O5 (%)	-	-	24.8	26.1	24.7	20.6	24.3	24.3	23.0
Grade Nb2O5 (%)	-	-	26.2	26.2	26.4	22.8	25.3	25.2	25.0
Financials ($ thousands, except per share amounts)									
Revenue	**-**	**-**	**507**	**4,769**	**4,628**	**2,902**	**2,200**	**3,687**	**4,688**
Changes in inventories of finished goods & work in progress	1	-	(451)	(469)	551	(126)	64.4	606.2	(25.4)
Raw materials and consumables used	-	-	(3)	(449)	(603)	(459)	(313)	(292)	(574)
Supplies	-	-	(182)	(1,588)	(1,433)	(1,105)	(1,215)	(966)	(930)
Depreciation and amortization expense	(274)	(274)	(441)	(454)	(420)	(404)	(409)	(458)	(277)
Profit before expenses and other	*(273)*	*(274)*	*(570)*	*1,809*	*2,723*	*807*	*326*	*2,577*	*2,882*
Depreciation and amortization expense	(35)	(24)	(72)	(71)	(68)	(66)	(64)	(72)	(43)
Employee expenses	(187)	(164)	(311)	(895)	(887)	(752)	(680)	(617)	(614)
Share-based payments	-	-	-	(11)	-	(248)	-	-	-
Other operating expenses	(739)	(705)	(879)	(1,810)	(1,713)	(1,661)	(1,363)	(1,741)	(1,433)
Operating expenses	*(961)*	*(893)*	*(1,262)*	*(2,786)*	*(2,669)*	*(2,727)*	*(2,107)*	*(2,430)*	*(2,091)*
***Adjusted EBITDA* [1]**	***(904)***	***(870)***	***(1,239)***	***(415)***	***604***	***(1,053)***	***(1,234)***	***746***	***1,208***
Finance income	59	1	86	5	4	137	(0)	3	39
Finance costs	(153)	(221)	(268)	(272)	(91)	(147)	(75)	(44)	(112)
Gain on sale of assets and investment in associate	-	-	-	789	-	529	988	-	-
Gain (loss) from investment in associate	4	(17)	-	(20)	(22)	-	-	-	-
Impairment loss on property, plant and equipment	-	-	(13,144)	-	-	-	-	-	-
Gain on settlement of debt	-	-	-	-	-	8	-	-	-
Change in fair value of investment	-	-	13	(39)	2	(15)	-	-	-
Other income (expense)	21	(1)	80	26	61	148	73	68	96
Total other income (expense)	*(69)*	*(237)*	*(13,233)*	*489*	*(46)*	*660*	*985*	*27*	*23*
Income tax expense	*20*	-	*(0)*	*(75)*	*(0)*	*(62)*	-	-	-
Net income (loss)	(1,283)	(1,404)	(15,065)	(563)	8	(1,321)	(796)	175	814
Net Income (loss) per share - Basic and diluted	(0.005)	(0.006)	(0.063)	(0.002)	0.000	(0.006)	(0.003)	0.001	0.003

[1] See "Non-IFRS Measures" for full detail on Adjusted EBITDA

Production and concentrate quality have constantly improved since the transition to open pit mining at the Penouta Project during the first quarter of 2022. The trend was interrupted in Q4 2022 due to low levels of water in Spain, which resulted in 20 days without production during October and

November of 2022. During Q1 2023, the Company performed a major overhaul of the main ball mill, successfully completed in 21 days in which the plant was stopped, to prevent malfunctioning of the main mill and mechanical breakdowns affecting the operations. Production was interrupted on September 18, 2023, due to an unusual drought and lack of rain in Spain, and after a few days of resumed production, it was stopped again due to the Decision to provisionally suspend the section C permit for the Penouta Project. Production at the Penouta Project remained suspended for all of the first and second quarters of 2024.

SUMMARY OF FINANCIAL CONDITION AND LIQUIDITY

($ thousands) Financial Position as at,	Balances as at, Jun 30, 2024	Dec 31, 2023	Variance	%Var.
Assets				
Current assets:				
Cash	13	817	(804)	(98%)
Trade and other receivables	245	567	(322)	(57%)
Inventories	438	454	(16)	(4%)
Other current assets	41	62	(21)	(34%)
Total current assets	**737**	**1,900**	**(1,163)**	**(61%)**
Non-current assets:				
Investment, at fair value	77	93	(16)	(17%)
Guarantee and other deposits	1,988	2,064	(76)	(4%)
Right-of-use assets	119	153	(34)	(22%)
Property, plant and equipment	9,201	9,816	(615)	(6%)
Total assets	**12,122**	**14,026**	**(1,904)**	**(14%)**
Liabilities and shareholders' equity				
Current liabilities:				
Trade and other payables	4,441	4,156	285	7%
Current portion of long-term liabilities	4,485	2,758	1,727	63%
Total current liabilities	**8,926**	**6,914**	**2,012**	**29%**
Non-current liabilities:				
Long-term liabilities	844	1,915	(1,071)	(56%)
Decommissioning liabilities	2,011	2,048	(37)	(2%)
Total liabilities	**11,781**	**10,877**	**904**	**8%**
Shareholders' equity:				
Share capital	40,957	40,938	19	0%
Shares to be issued	-	19	(19)	(100%)
Contributed surplus	4,556	4,556	-	- %
Accumulated other comprehensive loss	(3,715)	(3,594)	(121)	3%
Deficit	(41,457)	(38,770)	(2,687)	7%
Total shareholders' equity	**341**	**3,149**	**(2,808)**	**(89%)**
Total liabilities and shareholders' equity	**12,122**	**14,026**	**(1,904)**	**(14%)**

As at June 30, 2024, the Company had a deficiency in working capital of $8.189 million compared to working capital deficiency of $5.014 million at the end of 2023. Working capital during the second quarter of 2024 was mainly used to preserve the plant during stoppage. The Company is analyzing to resume production at a different section of its Penouta Project, in compliance with the TSXG Decision, with the exploitation of tailings and waste deposits to generate immediate cashflow.

Key components of the working capital include:

- Cash as at June 30, 2024 of $0.013 million, down from $0.817 million at the end of 2023. Cash during the quarter was mainly used to preserve the plant while production is halted.

- Trade and other accounts receivable of $0.245 million at the end of the period, a decrease from the $0.567 million at December 31, 2023 as payments from clients were received in regular conditions and the balance is composed by tax receivables from the authorities.

- Inventories at the end of the period were valued at $0.438 million mainly formed of materials and supplies ($0.422 million). Inventories of $0. 454 million at the end of 2023 included $0.437 million of materials and supplies.

- Trade accounts payable increased to $4.441 million as at June 30, 2024 from $4.156 million at the end of 2023 as less purchases were made due to the halt of operations, in addition to the balance of the agreement made during 2020 with suppliers holding balances above €15,000 (approximately $16,013) for payment deferrals, which are being paid in 19 quarterly installments, ending in 2025. The Company received approval from 90.45% of the affected commercial suppliers, and the corresponding court homologated this to the entirety of the balance of the restructuring plan with suppliers for a total amount of $2.685 million, which will be paid 40% on the earlier of two dates: within ten days before normal business operations resume, or by November 30, 2024. The 60% will be settled in 12 equal monthly installments, beginning two months after the initial 40% payment.

Operating activities

Net cash used in operating activities during the six months ended June 30, 2024 amounted to $1.289 million, compared to net cash used in operating activities of $1.482 million during the same period ending on June 30, 2023.

Investing activities

During the second quarter of 2024, the investing activities consisted of $0.269 million used in a press filter. During the six months ended on June 30, 2023, investment in equipment of $0.691 million was offset by the $0.739 million received from Electric Royalties Ltd. for the acquisition of a 0.75 percent gross revenue royalty on the production of the Penouta Project and the $0.738 million received for the 70% interest in the Alberta II investigation permit and the Carlota application permit.

Financing activities

The Company has continued to work towards the fulfilment of its financial commitments, which for the six months ended on June 30, 2024, include (i) the repayment of existing loans in the amount of $0.298 million; and (ii) payment of the principal amount of leases equal to $0.048 million. The Company received $1.115 million from the IberAmerican Note. See section Significant Transactions – IberAmerican Note of this MD&A for more details. Total cash from financing activities during the six months ended on June 30, 2024 totalled $0.769 million and $0.368 million for the same period of 2023.

The following table summarizes the Company's payments due from contractual obligations for the following years.

Contractual Obligation ($ thousands - undiscounted)	1 year	1-3 years	More than 3 years	Total
Bank loans	931	355	-	1,286
Government grants	108	234	-	342
Convertible debentures - loan	869	-	-	869
Promissory note	941	134	-	1,075
IberAmerican Note	1,106	-	-	1,106
Arrangements with suppliers	339	64	-	403
Lease liabilities	59	60	-	119
Total	4,353	**847**	-	**5,200**

The Company is currently exploring all available legal avenues to reverse the Decision and to expedite the reinstatement of the section C permit, including an appeal to the SCS. If the Company is able to raise the necessary funds, the Company expects to be better positioned to maintain operations and fulfil its financial commitments. The Company is analyzing to resume production with the exploitation of tailings and waste deposits at a different section of its Penouta Project, in compliance with the TSXG Decision, to generate immediate cashflow.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has the following securities outstanding:

(a) 239,559,266 Common Shares;

(b) 38,367,978 warrants of the Company exercisable into 38,367,978 Common Shares in aggregate as follows:

Number of warrants	Exercise price	Expiry date
33,070,478	CA$0.40	Jul 16, 2026
4,760,000	CA$0.25	Oct 13, 2024
537,500	CA$0.06	Apr 11, 2026

(c) 1,190 convertible debentures of the Company; and

(d) 19,610,000 stock options of the Company to purchase an aggregate of 19,610,000 Common Shares.

On December 31, 2023, the Company was authorized to issue 1,243,750 Common Shares in satisfaction of interest payment of $18,808 to certain holders of the convertible debentures of the Company at a price of CA$0.02 per Common Share. The Common Shares were issued on January 2, 2024.

CAPITAL MANAGEMENT

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management during the quarter ended June 30, 2024.

As of the date of this MD&A, the Company continues to wait for the approval of the requested extension for deposits to be made to the financial institution providing the bank guarantee covering the obligations required for exploitation concession on Section C of the Penouta Project, as further described in the Company's MD&A for the year ended December 31, 2023.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than that of the Exchange which requires one of the following to be met: (i) shareholders' equity of at least CA$2.5 million, (ii) net income from continuing operations of at least CA$375,000, (iii) market value of listed securities of at least CA$25 million, or (iv) assets and revenue of at least CA$5 million each. Assets as at June 30, 2024 total $12.122 million and sales for the last twelve months total $5.276 million.

SUBSEQUENT EVENTS

On July 19, 2024, the Company sold its 500,000 common shares in the capital of Electric Royalties for a total of CA$100,000.

On July 23, 2024, the Company announced the resignation of Gabriela Kogan as a director of the Company. In addition to being a member of the Board, Ms. Kogan served as a member of the audit and compensations committees. The Company is searching for a replacement.

On August 1, 2024, the Company announced the termination of the Amended and Restated BCA among the Company and IberAmerican, pursuant to which IberAmerican had previously agreed to acquire all of the issued and outstanding common shares of the Company in accordance with its terms. IberAmerican notified the Company on July 31, 2024, that, as the business combination was not completed on or before July 31, 2024, as required by the Amended and Restated BCA, IberAmerican was exercising its right to terminate the Amended and Restated BCA. The Company continues to seek alternative financing solutions.

RELATED PARTY TRANSACTIONS

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals, as well as certain persons performing similar functions. Transactions with related companies, which are recorded under the corresponding headings in the consolidated statements of operations and comprehensive loss, are as follows:

The Company leases certain facilities to Sequoia Venture Capital S.L.[1]; as at June 30, 2024 and December 31, 2023, the outstanding balance was $5,557 and $2,783, respectively. During the six months ended June 30, 2024 a total of $17,520 (2023- $21,437) was recorded as operating expenses.

[1] Sequoia Venture Capital S.L. and Salamanca Ingenieros S.L. are beneficially owned by Francisco Garcia Polonio (Director of the Company).

During the six months ended June 30, 2024, the Company incurred fees of $8,990 (2023 - $8,990) from Salamanca Ingenieros S.L., a corporation beneficially owned by a director. As at June 30, 2024 and December 31, 2023, $nil remained payable.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Remuneration of directors and key management personnel of the Company for the three and six months ended June 30, 2024 and 2023 was:

Key Management Compensation ($ thousands)	Q2 2024	Q2 2023	Year 2024	Year 2023
Management fees	76	132	143	253
Director fees	81	109	149	184
Share-based compensation	-	-	-	185
Total	**157**	**241**	**292**	**622**

Convertible Debentures of the Company in the amount of $0.539 million were subscribed by directors and officers of the Company. As at March 31, 2024, the outstanding balance of convertible debentures held by directors and officers was $0.488 million (December 31, 2023 - $0.471 million).

On April 11, 2023, the Company's subsidiary, SMS, issued the Notes to the certain directors and officers of the Company for an aggregate principal amount of $1.075 million. As an additional consideration for providing the Notes, those directors and officers of the Company received an aggregate of 537,500 common share purchase warrants of the Company. As at March 31, 2024, the outstanding balance of the Notes was $1.09 million (December 31, 2023 - $1.069 million).

With respect to the IberAmerican Note, Mr. Campbell Becher, a director of the Company, is a director, officer and shareholder of IberAmerican, and, Jaime Perez Branger, an officer of the Company, and Miguel de la Campa, a Director of the Company are shareholders of IberAmerican. The shareholdings of such individuals do not individually or in the aggregate constitute control of IberAmerican or the Company. Mr. Campbell Becher abstained from Company board meetings and voting on all matters related to the IberAmerican Note.

NON-IFRS MEASURES

The non-IFRS measures included in this document, such as EBITDA (as defined below) and adjusted EBITDA, are intended to provide additional information for the reader as the Company believes certain investors could use this information to evaluate the Company's underlying performance of its core operations and its ability to generate cash flow and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to other issuers.

Non-IFRS measures referred to in this MD&A are defined as follows:

Adjusted EBITDA represents earnings before interest, income taxes, depreciation, and amortization ("EBITDA"), adjusted to exclude share-based payments, gain on retained investment in associate, gain on sales of assets, and gain on disposal of investment in associate.

The following table provides a reconciliation of adjusted EBITDA to net loss as reported in the consolidated financial statements:

($ thousands)	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Net income (loss)	**(1,283)**	**8**	**(2,687)**	**(1,313)**
Finance income	(59)	(4)	(60)	(142)
Finance costs	153	91	374	238
Gain on settlement of debt	-	-	-	(9)
Change in fair value of investment	-	(2)	-	15
Income tax expense	(20)	0	(20)	62
Depreciation and amortization expense	309	489	606	959
EBITDA	**(900)**	**582**	**(1,787)**	**(190)**
Gain on sale of assets and investment in associate	-	-	-	(529)
Loss from investment in associate	(4)	22	13	22
Share-based payments	-	-	-	248
Adjusted EBITDA	**(904)**	**604**	**(1,774)**	**(449)**

The following table provides details of the primary components of adjusted EBITDA:

($ thousands)	Q1 2024	Q1 2023	YTD 2024	YTD 2023
Revenue	-	4,628	-	7,530
Changes in inventories of finished goods & work in progress	1	551	1	425
Raw materials and consumables used	-	(603)	-	(1,062)
Supplies	-	(1,433)	-	(2,538)
Other operating expenses	(739)	(1,713)	(1,444)	(3,374)
Employee expenses	(187)	(887)	(351)	(1,639)
Other income (expense)	21	61	20	209
Adjusted EBITDA	**(904)**	**604**	**(1,774)**	**(449)**
Gain on sale of assets and investment in associate	-	-	-	529
Loss from investment in associate	4	(22)	(13)	(22)
Share-based payments	-	-	-	(248)
EBITDA	**(900)**	**582**	**(1,787)**	**582**

RISK OF FINANCIAL INSTRUMENTS

The Company's financial risk management is centralized in its finance department, which has established the necessary mechanisms to control exposure to interest rate fluctuations, as well as credit and liquidity risks. The main financial risks affecting the Company are indicated below:

Credit risk: In general, the Company maintains its cash in financial institutions with high credit ratings.

Liquidity risk: In order to ensure liquidity and to be able to meet all payment commitments arising from its activity, the Company has the cash shown in its balance sheet.

Interest rate risk: The Company's treasury is exposed to interest rate risk, which could have an adverse effect on financial results and cash flows. Management of the Company does not consider the interest rate risk to be significant.

The Company has several loans granted in foreign currencies and could therefore be exposed to exchange rate risk.

Transactions in foreign currencies: The Company's functional currencies are the Canadian dollar and Euro, and major purchases and sales are transacted in Canadian dollars and Euros. As at June 30, 2024, the Company has a foreign currency balance of $13,676 (December 31, 2023 – balance of $26,026) included in cash, and $1.082 million (December 31, 2023 – $1.069 million) in promissory notes which are subject to foreign currency risk.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CHANGE IN REPORTING CURRENCY

Effective December 31, 2021, the Company changed its presentation currency from Euro to USD. The Company made such change to facilitate comparison with other mining and resource companies. The change in presentation currency represents a voluntary change in accounting policy.

CRITICAL ACCOUNTING ESTIMATES

There have been no changes in the Company's accounting estimates during the six months ended June 30, 2024.

RISKS AND UNCERTAINTIES

Exploration, development and mining of precious metals involve numerous inherent risks resulting from the economic conditions of the various areas of operation. Therefore, the Company is subject to several financial, operational and political risks that could have a significant impact on its profitability and levels of operating cash flows.

Although the Company assesses and minimizes these risks by applying high operating standards, including careful management and planning of its facilities, hiring qualified personnel and developing their skills through training and development programs, these risks cannot be eliminated.

Such risks include, but are not limited to:

1. Market Price
2. Dilution
3. Payment of Dividends
4. Limited Operating History and Financial Resources
5. Dependence on the Penouta Project
6. Mineral Deposits May Not be Economical
7. Market Price of Metals
8. Mining Operations May Not Be Established or Profitable
9. Ability to Exploit Future Discoveries
10. Financing Risks
11. Geopolitical tensions, the military conflict between Russia and Ukraine and the ongoing conflict in the Middle East
12. Mining is Inherently Dangerous
13. Operations and Exploration Subject to Governmental Regulations
14. Operation and Exploration Activities are Subject to Environmental and Endangered Species Laws and Regulations
15. Permits and Licenses, including the Decision as discussed in this MD&A

16. Additional Costs May Be Incurred by Mineral Property Operators as a Result of International Climate Change Initiatives
17. Community Relations
18. Competition
19. Defects in Title to Mineral Properties
20. Future Litigation Could Affect Title
21. Deficient Third Parties' Reviews, Reports and Projections
22. Directors and Officers May Have Conflicts of Interest
23. Global Financial Conditions May Be Volatile
24. Epidemic and Pandemic Diseases
25. Adequate Infrastructure May Not Be Available to Develop the Penouta Project
26. Future Acquisitions and Partnerships
27. Partial Ownership or Joint Venture Agreements
28. Canada Revenue Agency's Recent Focus on Foreign Income Earned by Canadian Companies May Result in Adverse Tax Consequences
29. Anti-Bribery Laws (Such as the Corruption of Foreign Public Officials Act of Canada)
30. The Company Will be Exposed to Foreign Exchange Risk
31. Equipment, Materials and Skilled Technical Workers
32. Risks Relating to Attracting and Retaining Qualified Management and Technical Personnel
33. Disruption from Non-Governmental Organizations
34. Strategic Mineral's Operations Are Subject to Human Error
35. Health & Safety
36. Nature and Climatic Conditions
37. Uninsured or Uninsurable Risks
38. Disruption in Activities Due to Acts of God May Adversely Affect Strategic
39. Changes in Technology
40. Additional Funds Required in Case the Decision is Not Resolved Favourably Soon.

The foregoing is not an exhaustive list and readers are encouraged to read a more comprehensive list in the Annual Information Form dated March 27, 2024 available on the Company's web site at *www.strategicminerals.com* and on *www.sedarplus.ca*.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures and internal controls over financial reporting have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for evaluating the disclosure controls and procedures and internal controls over financial reporting.

There have been no changes in the Company's internal controls over financial reporting during the six months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believes that any disclosure controls and procedures and internal controls over financial reporting, no matter how well designed and operated, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved or any variations (including negative variations) of such words and phrases. Such forward-looking statements, including but not limited to statements with respect to anticipated business plans or strategies, resolution of the Decision and the proceeding with the TSXG, arrangements with suppliers of the Company, total cash costs, and capital expenditures, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "Risk Factors" in the Company's Annual Information Form dated as of March 27, 2024, which is available for review on SEDAR+ at www.sedarplus.ca.

The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

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 anticipated, estimated or intended. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.