



**MANAGEMENT DISCUSSION AND ANALYSIS
for the Three Months and the Six Months ended June 30, 2019
(including Subsequent Events to August 28, 2019)**

The following discussion and analysis of the results of operations and financial condition of Strategic Metals Ltd. (“Strategic”) for the three months and the six months ended June 30, 2019 should be read in conjunction with the Strategic audited consolidated financial statements and related notes for the twelve months ended December 31, 2018 and the unaudited consolidated interim financial statements for three months and the six months ended June 30, 2019. All Strategic financial statements are prepared in accordance with the International Financial Reporting Standards (“IFRS”).

The financial statements include the accounts of Rockhaven Resources Ltd. (“Rockhaven”), GGL Resources Corp. (“GGL”) and Terra CO₂ Technologies Ltd. (“Terra”), the subsidiaries of Strategic (collectively, the “Subsidiary Companies”). The discussions that follow on overall performance, summary financial information, results of operations, liquidity and capital resources and related party transactions, include amounts for Strategic and the Subsidiary Companies, where appropriate.

The discussion in this management discussion and analysis (“MD&A”) related to mineral properties does not include the mineral properties owned by Rockhaven or GGL. The amounts presented for options and warrants do not include options or warrants of the Subsidiary Companies. The value of Strategic’s equity portfolio disclosed herein does not include the value of Strategic’s shareholdings in Rockhaven or GGL.

The common shares of Rockhaven and GGL are listed on the TSX Venture Exchange (the “Exchange”) and both companies file separate financial statements. Terra is currently a private British Columbia company of which Strategic is the majority shareholder.

Management is responsible for the preparation and integrity of Strategic’s financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and the MD&A is complete and reliable.

Financial statements, MD&A and all other continuous disclosure documents pertaining to Strategic are filed with Canadian securities regulators and are available for review under the Strategic Metals Ltd. profile at www.sedar.com.

FORWARD LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by Strategic's use of certain terminology, including "will", "may", "expects", "should", "anticipates" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Strategic's actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements.

Forward-looking statements are statements that are not historical facts, and include but are not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Strategic business model; future operations, products and services; the impact of regulatory initiatives on Strategic operations; the size of and opportunities related to the market for Strategic products; general industry and macroeconomic growth rates; expectations related to possible joint or strategic ventures; and statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of Strategic. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. Forward-looking statements in this MD&A are dependent upon future events or circumstances and those future events or circumstances may not occur. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.

DESCRIPTION OF BUSINESS

Strategic is listed on the Exchange as a Tier 1 company. It is primarily in the business of exploring for metals and minerals but also makes selective investments in other resource companies. Strategic has no producing operations.

Strategic operates primarily under the project generative business model. It researches and acquires quality mineral exploration projects, advances those projects to a drill ready stage and then options or sells such projects to other parties when market conditions are suitable. By optioning or selling interests in its projects to third parties, Strategic recaptures some or all of its acquisition and early stage exploration expenditures and reduces its exposure to the costs and risks associated with drill stage mineral exploration. In consideration, Strategic receives cash payments and/or shares in the capital of the company acquiring the project. Strategic sometimes retains an equity interest in an optioned project but most often retains a royalty interest in any future production of minerals and metals from the project. Strategic occasionally drills a wholly-owned project at its own cost where the potential benefits of a mineral discovery appear to significantly outweigh the exploration risks.

As a project generator, Strategic has assembled over 100 wholly-owned mineral properties in Yukon Territory, British Columbia and western Northwest Territories. Nearly all of these properties have accumulated exploration assessment credits sufficient to keep them in good standing significantly beyond the end of 2019. Only nine of Strategic's mineral properties are

subject to underlying royalty interests and only two are subject to any option or advance royalty payments to any party. The mineral properties collectively host a widely diverse suite of mineral exploration targets. See “Research, Property Transactions and Exploration” for additional information.

Strategic also actively manages an equity portfolio comprised of: (i) shares received as consideration under various property option and sale transactions; and (ii) shares purchased in other resources companies, based on internal market research. These equity investments are closely monitored and managed in accordance with internal investment policies. See “Financial Transaction Committee” and “Investment Committee” for additional information.

The Subsidiary Companies all operate independently of Strategic. Rockhaven is actively exploring its wholly-owned Klaza gold-silver project, located in the central Yukon. GGL is engaged in diamond exploration on a number of projects located in the Lac de Gras area of the Northwest Territories. GGL is also exploring for gold and copper on its McConnell Creek project in central British Columbia. Terra is researching patented technology related to CO₂ sequestration and the treatment of acid mine drainage, and is developing technologies related to the storage and use of industrial wastes. See “Terra CO₂ Technologies Ltd.” for additional information.

OVERALL PERFORMANCE

As of August 28, 2019, Strategic had no debt and had sufficient working capital to cover anticipated administrative overhead costs through 2019. Strategic also had sufficient funds to cover costs related to its generative research, property evaluation and acquisition, and property exploration through 2019. See “Risks and Uncertainties” and “Liquidity and Capital Resources” for additional information.

SELECTED ANNUAL INFORMATION

	December 31, 2018	December 31, 2017	December 31, 2016
Revenues	Nil	Nil	Nil
Net Income (Loss) attributable to owners	(\$5,186,228)	(\$2,827,206)	\$3,529,677
Net Income (Loss) per Share - Basic/Diluted	(\$0.06)	(\$0.03)	\$0.04
Total Assets	\$74,279,437	\$80,321,537	\$77,742,824
Total Long-term Financial Liabilities	Nil	Nil	Nil
Cash Dividends Declared per Share	Nil	Nil	Nil

Total assets decreased by \$6,042,100 from \$80,321,537 in 2017 to \$74,279,437 in 2018. The decrease was mainly due to a decrease in cash and cash equivalents of approximately \$6,135,000, and a decrease in the value of the Company’s marketable securities of approximately

\$3,479,000. This overall decrease was partially offset by an increase in the Company's mineral property interests of approximately \$3,456,000.

SUMMARY FINANCIAL INFORMATION (for the eight quarters ended June 30, 2019)

The following table shows the results for the last quarter compared to those from the previous seven quarters.

Period Ending	Revenues	Net Income (Loss) attributable to owners	Basic Net Income (Loss) per Share
June 30, 2019	Nil	(\$929,647)	(\$0.01)
March 31, 2019	Nil	(\$94,049)	(\$0.00)
December 31, 2018	Nil	(\$1,090,592)	(\$0.01)
September 30, 2018	Nil	(\$1,697,192)	(\$0.02)
June 30, 2018	Nil	(\$1,266,675)	(\$0.01)
March 31, 2018	Nil	(\$1,131,769)	(\$0.01)
December 31, 2017	Nil	(\$3,817,954)	(\$0.04)
September 30, 2017	Nil	\$32,004	\$0.00

RESULTS OF OPERATIONS

Strategic's share of net losses decreased by approximately \$337,000 for the three months ended June 30, 2019 compared to the three months ended June 30, 2018. The reduction was mainly due to a decrease in marketable securities losses by approximately \$114,000, a decrease in share-based payments expense by approximately \$236,000 and an increase in deferred income recovery by approximately \$60,000. The overall decrease in Strategic's share of net losses was partially offset by an increase in research expenses of approximately \$75,000.

LIQUIDITY AND CAPITAL RESOURCES

(a) Working Capital

Strategic had working capital in the amount of \$14,835,113 at June 30, 2019 compared to \$21,934,754 at June 30, 2018. Working capital consists mainly of consolidated cash and cash equivalents and the value of securities owned by Strategic in a number of junior resource companies, excluding Rockhaven and GGL. The reduction in working capital since June 30, 2018 is largely attributable to exploration expenditures and the decreased market value of securities owned by Strategic.

(b) Equity Portfolio

Strategic currently holds securities in approximately 35 other junior resource companies. Although most of the securities in Strategic's equity portfolio are not subject to any trading restriction, their values can fluctuate widely and at times market liquidity is limited. See "Major Shareholdings in Other Companies" and "Risks and Uncertainties" for additional information.

(c) Private Placement

On July 22, 2019, Strategic closed a private placement comprised of the following securities:

- 5,128,206 flow-through units at a price of \$0.39 per unit. Each flow-through unit consisted of one flow-through common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional Strategic common share at a price of \$0.40 until July 22, 2021; and
- 2,000,000 non-flow-through units at a price of \$0.30 per unit. Each non-flow-through unit consisted of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional Strategic common share at a price of \$0.40 until July 22, 2021.

The proceeds from the sale of the flow-through units were \$2,000,000 and are being used to finance the 2019 exploration program. The proceeds from the sale of the non-flow-through units were \$600,000 and will be used as general working capital.

Aggregate cash finders' fees of \$34,278 and 122,422 finders' warrants were issued as part of the closing of the private placement. The finder's warrants have the same exercise terms as the warrants attached to the placement units. All securities issued as part of the private placement are subject to a hold period in Canada until Nov. 23, 2019.

Major Shareholdings in Other Companies

Through direct investment or as a result of mineral property transactions, Strategic has acquired significant equity holdings in the following companies:

(a) Rockhaven

As of August 28, 2019, Strategic held a total of 65,844,212 Rockhaven shares, representing 41.75% of the 157,718,093 issued Rockhaven share capital. These shares had a market value of approximately \$9.22 million on that date.

The total value of marketable securities shown in Strategic's financial statements excludes the value of its Rockhaven holdings. Certain officers and directors of Strategic are also officers and directors of Rockhaven.

(b) GGL

As of August 28, 2019, Strategic held a total of 11,562,500 shares of GGL, representing approximately 43.17% of the 26,784,449 issued and outstanding common shares of GGL. These shares had a market value of approximately \$1.27 million on that date. All GGL shares held by Strategic are for investment purposes.

The total value of marketable securities shown in Strategic's financial statements excludes the value of its GGL holdings. Certain officers and directors of Strategic are also officers and directors of GGL. The majority of the directors of GGL are independent of the Strategic board of directors.

(c) ATAC Resources Ltd. ("ATAC")

As of August 28, 2019, Strategic held a total of 10,144,136 shares of ATAC, representing approximately 6.42% of the 158,035,720 issued and outstanding common shares of ATAC. These shares had a market value of approximately \$2.38 million on that date. All ATAC shares held by Strategic are for investment purposes.

Certain officers and directors of Strategic are also officers and directors of ATAC.

(d) Silver Range Resources Ltd. ("Silver Range")

As of August 28, 2019, Strategic held 13,263,673 Silver Range Resources shares representing 17.84% of the 74,358,718 outstanding shares of Silver Range Resources. These shares had a market value of approximately \$1.46 million on that date. All Silver Range Resources securities are held by Strategic for investment purposes.

Although certain officers and directors are common to both companies, the majority of Silver Range Resources directors are independent of the Strategic board of directors.

(e) Precipitate Gold Corp. ("Precipitate")

As of August 28, 2019, Strategic held 22,892,827 common shares of Precipitate, representing approximately 27.68% of the 82,692,575 issued and outstanding Precipitate common shares. These shares had a market value of approximately \$2.17 million as of that date. All Precipitate securities are held by Strategic for investment purposes.

Precipitate operates independently of Strategic and there are no common officers or directors between the two companies. Precipitate is not a subsidiary of Strategic.

(f) Trifecta Gold Ltd. ("Trifecta")

As of August 28, 2019, Strategic held 3,216,318 common shares of Trifecta, representing approximately 8.67% of the 37,107,857 issued and outstanding Trifecta common shares. These shares had a market value of approximately \$112,500 as of that date. All Trifecta securities are held by Strategic for investment purposes.

Although certain officers and directors are common to both companies, the majority of the Trifecta directors are independent of the Strategic board of directors.

OFF-BALANCE SHEET ARRANGEMENTS

Strategic does not utilize off-balance sheet arrangements.

ROYALTY INTERESTS

Strategic currently holds royalty interests in eight mineral properties, namely the Hyland Gold, REE, Cord, Has, Teach, Gram, Reef and Li properties. A detailed discussion regarding most of these royalty interests is not presented in this MD&A as these mineral projects are relatively inactive at the present time.

CORPORATE PLANS AND POLICIES

Share Buy-Back Plan

In January 2008, Strategic implemented the first of a series of Normal Course Issuer Bids (each a “Buy-back Plan”) pursuant to the provisions of Exchange Policy 5.6. The current Buy-back Plan commenced on December 3, 2018 and will expire on December 2, 2019. Under the current Buy-back Plan, Strategic is entitled to purchase that number of its common shares equal to 10% of the current “public float” (shares not held by insiders, associates or affiliates of Strategic).

At management’s discretion, unallocated working capital may be used to purchase Strategic shares. No shares have been purchased under the current Buy-back Plan. Since January 2008, a total of 7,044,000 shares have been purchased under all Buy-back Plans.

Shareholder Rights Plan

At the September 13, 2017 annual general and special meeting, Strategic shareholders reconfirmed a shareholder rights plan, designed to provide Strategic shareholders with full and fair value in the event of a possible take-over bid for its common shares. The original rights plan was ratified by Strategic shareholders at the July 11, 2014 annual general and special meeting. The full text of the rights plan is available under the Strategic profile at www.sedar.com.

Advance Notice Policy

On October 21, 2013, Strategic shareholders adopted an advance notice policy (the “Policy”), which among other things, requires advance notice to Strategic in circumstances where nominations of persons for election to the board of directors are made by shareholders of Strategic. The full text of the Policy is available under the Strategic profile at www.sedar.com.

Financial Transaction Committee

In July 2011, Strategic established a financial transaction committee (the “Transaction Committee”) which is authorized to undertake transactions valued between \$2 million and \$10

million. Financial transactions with values of less than \$2 million are dealt with by Strategic management in the ordinary course of business. Transactions with a value in excess of \$10 million require formal approval by the board of directors.

The Transaction Committee consists of three board members appointed by the Strategic board of directors. Additional non-board members may also be appointed. Decision making authority is restricted to the three board members of the committee. Non-board members act in an advisory capacity only. In addition to the dollar value, all transactions undertaken by the Transaction Committee must comply with the specific parameters set out in the July 2011 mandate document.

Investment Committee

In November 2008, Strategic established an investment fund (the “Fund”) through which it buys and sells the shares of other resource companies, based on Strategic’s market research. The Fund is managed by a three-member investment committee (the “Investment Committee”). The activities of the Investment Committee are carried out in accordance with a set of formal investment guidelines.

Although the Investment Committee is authorized to re-invest any gains made within the Fund, Strategic’s original working capital exposure within the Fund may not exceed \$2 million.

TRANSACTIONS WITH RELATED PARTIES

Management

The following figures are consolidated and include the accounts of Rockhaven, GGL and Terra. During the three months ended June 30, 2019, legal fees and disbursements totalling \$29,239 were incurred with a personal law corporation controlled by Glenn R. Yeadon (“Yeadon”), the Secretary and a director of Strategic, compared to \$20,019 incurred during the three months ended June 30, 2018. During the six months ended June 30, 2019, legal fees and disbursements totalling \$45,472 were incurred with Yeadon, compared to \$28,962 incurred for the six months ended June 30, 2018.

The following figures are consolidated and include the accounts of Rockhaven, GGL and Terra. During the three months ended June 30, 2019, \$50,700 in accounting fees were incurred with Donaldson Brohman Martin, Chartered Professional Accountants. During the three months ended June 30, 2018, \$47,250 in accounting fees were incurred with Donaldson Grassi, Chartered Professional Accounts, the previous firm providing accounting services to Strategic. Donaldson Grassi became Donaldson Brohman Martin effective January 31, 2019. Larry Donaldson, Strategic’s Chief Financial Officer, was a partner in Donaldson Grassi and is a principal in Donaldson Brohman Martin. During the six months ended June 30, 2019, accounting fees and disbursements totalling \$70,700 were incurred with Donaldson Brohman Martin, compared to \$104,750 incurred for the six months ended June 30, 2018.

The following figures are consolidated and include the accounts of Rockhaven. During the three months ended June 30, 2019, management fees totalling \$21,000 were paid to Ian Talbot, Strategic’s Chief Operating Officer, compared to \$21,000 paid during the three months ended

June 30, 2018. During the six months ended June 30, 2019, consulting fees totalling \$42,000 were paid to Talbot, compared to \$42,000 incurred for the six months ended June 30, 2018.

The following figures are consolidated and include the account of Rockhaven. During the three months ended June 30, 2019, advisory fees totalling \$3,000 were paid to Bruce Kenway ("Kenway"), a director of Strategic, compared to \$3,000 paid during the three months ended June 30, 2018. During the six months ended June 30, 2019, advisory fees totalling \$6,000 were paid to Kenway, compared to \$6,000 incurred for the six months ended June 30, 2018.

During the quarter ended June 30, 2019, fees for management services totalling \$34,875 were paid to Drechsler Consulting Ltd. ("Drechsler"), a private British Columbia corporation controlled by Richard Drechsler, the Vice-President of Communications of Strategic, compared to \$38,140 paid during the three months ended June 30, 2018. During the six months ended June 30, 2019, fees for management services totalling \$64,215 were paid to Drechsler, compared to \$52,020 paid during the six months ended June 30, 2018.

Archer Cathro

The following figures are consolidated and include the accounts of Rockhaven, GGL and Terra. During the three months ended June 30, 2019, \$367,186 in costs related to mineral property acquisition, exploration and evaluation, management, office rent and administration were billed by Archer Cathro compared to \$619,307 billed by Archer Cathro during the three months ended June 30, 2018. During the six months ended June 30, 2019, \$708,848 in costs related to mineral property acquisition, exploration and evaluation, management, office rent and administration were billed by Archer Cathro, compared to \$996,108 billed for the six months ended June 30, 2018.

Archer Cathro is a private geological consulting firm with offices in Vancouver and Squamish, British Columbia and Whitehorse, Yukon. Douglas Eaton is a director of Archer Cathro and a director of each of Strategic, GGL and Terra.

Douglas Eaton is not an employee of Strategic or the Subsidiary Companies and does not receive any salary, bonuses or benefits directly from Strategic or the Subsidiary Companies other than by way of incentive stock options. Mr. Eaton receives indirect compensation from Strategic and the Subsidiary Companies through his interest in Archer Cathro. This indirect compensation depends on Archer Cathro's profitability and is highly variable, because of the cyclical nature of the mineral exploration industry. Archer Cathro's profits are only partially derived from the exploration activities of Strategic and the Subsidiary Companies and are strongly influenced by the amount of work it does on behalf of other companies and capital outlays it must make to sustain its business. Mr. Eaton's interest in Archer Cathro has varied between 20 and 100% at various times since he became a partner in 1981 and he currently holds a 49.9% minority interest.

Archer Cathro does not: (i) own any shares or warrants of Strategic or the Subsidiary Companies; or (ii) hold any interests or royalties relating to any of the mineral properties of Strategic or the Subsidiary Companies. The majority of the mineral properties owned by Strategic and the Subsidiary Companies are registered in the name of Archer Cathro and are held by Archer Cathro as bare trustee for the applicable company under the terms of various trust indentures. In addition to holding legal title to mineral properties for Strategic and the

Subsidiary Companies, Archer Cathro provides the following administrative services related to the applicable mineral properties: (i) mineral tenure management; (ii) the filing of annual assessment reports; and (iii) the management of land use (exploration) permits.

None of Strategic or the Subsidiary Companies has any contractual obligation to use Archer Cathro's exploration or administrative services and Archer Cathro's continued engagement depends entirely upon the approval of the board of directors of Strategic, Rockhaven or GGL, as applicable. Exploration and administrative activities conducted by Archer Cathro are designed and monitored by the senior management of Strategic, Rockhaven or GGL, as applicable, and are approved by the applicable company's board of directors (the majority of whom are independent of management). Formulation of exploration programs begins with a review of previous exploration results and assessment needs by management of the applicable company, who then instruct Archer Cathro geologists to prepare draft exploration programs and budgets, which are submitted to management for review and, where necessary, revised before final proposals are taken to the applicable company's board of directors for consideration and approval.

The exploration and administrative fees paid by Strategic to Archer Cathro are based on a schedule of fees prepared by Archer Cathro and agreed to in advance by Strategic. These fees are periodically reviewed by Strategic management and independent members of Strategic's board of directors to ensure that the fees are at or below industry standard rates.

Included in the fees paid to Archer Cathro for the three months and the six months ended June 30, 2019 is rent for furnished space in Archer Cathro's Vancouver office. Office rental fees are charged on a month-to-month basis with no ongoing contractual obligation on the part of Strategic or any of the Subsidiary Companies to continue to occupy current office space. The monthly office rental individually paid by Strategic and each of the Subsidiary Companies amounts to less than 20% of Archer Cathro's monthly lease costs for its Vancouver office. The rental payments also entitle Strategic and the Subsidiary Companies to use space in Archer Cathro's Squamish office and its Whitehorse office, warehouse and storage compound, at no additional cost to any of the companies.

The ongoing relationship between Archer Cathro and Strategic includes access to Archer Cathro's proprietary exploration data base. This data base has been assembled by Archer Cathro over its 54 years of operation. Strategic does not pay Archer Cathro for access to the data base and such data is made available on a voluntary, goodwill basis by Archer Cathro. Archer Cathro is paid for the time its geologists spend researching the data, but it and its geologists do not receive any cash bonuses, shares or royalty interests as compensation for access to the data base or for the identification of attractive exploration targets that result from the data base research. Most of the current mineral properties held by Strategic were acquired on the basis of research done by Archer Cathro geologists.

Although much of the exploration work done by Strategic and Rockhaven is conducted by Archer Cathro, there is no contractual obligation that Archer Cathro be used. In many instances, Strategic, the Subsidiary Companies and companies that have optioned mineral properties from Strategic have used other consulting groups to conduct exploration on their behalf.

RISKS AND UNCERTAINTIES

In conducting its business, Strategic faces a number of risks and uncertainties related to the mineral exploration and technologies industries. Some of these risk factors include risks associated with land title, patents, research, exploration and development, government and environmental regulations, permits and licenses, competition, fluctuating metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities.

(a) Title Risks

Although Strategic, Rockhaven and GGL has each exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of property interests held by Strategic, Rockhaven or GGL. Mineral claims, permits or tenures may be subject to prior unregistered agreements or transfers or to native land claims. Title to the claims, permits or tenures comprising the properties held by Strategic, Rockhaven or GGL may also be affected by undetected defects. If a title defect exists, it is possible that Strategic, Rockhaven or GGL, may lose all or part of its interest in the property to which such defect relates.

(b) Technology Risks

Terra has been issued patents for its technology in Canada, the United States, Australia and the European Union. It has also applied for additional patents related to another technology. Although Terra conducts its research under conditions of strict confidentiality, there can be no assurances or guarantees that similar or comparable technologies will not be independently developed by third parties. In additions, patent protection cannot be guaranteed as certain international jurisdictions may not recognize or enforce Terra's intellectual property rights.

(c) Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.

(d) Environmental Regulations, Permits and Licenses

The operations of Strategic and the Subsidiary Companies may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental and socio-economic impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for noncompliance are more stringent.

(e) Competition

The mineral exploration industry is intensely competitive in all its phases, and Strategic and each of the Subsidiary Companies competes with other companies, some of which have greater financial and technical resources. Competition could adversely affect the ability of Strategic or any of the Subsidiary Companies to acquire suitable properties or prospects in the future.

(f) Fluctuating Metal and Mineral Prices

Factors beyond the control of Strategic have a direct effect on global metal and mineral prices, which can fluctuate widely. Consequently, the economic viability of any of exploration projects held by Strategic, Rockhaven or GGL, and that company's ability to finance the development of a project cannot be accurately predicted and may be adversely affected by fluctuations in metal and mineral prices.

(g) Future Financings

The continued operation of Strategic and the Subsidiary Companies will be dependent in part upon the ability of each to generate operating income and to procure additional financing. Historically, Strategic and the Subsidiary Companies have obtained much of their income through equity financing.

Fluctuations of global equity markets can have a direct effect on the ability of exploration companies to finance project acquisition and development through the equity markets. There can be no assurance that funds from Strategic's current, non-equity financing related revenue sources can be maintained or that other forms of financing can be obtained at a future date. Failure to obtain additional financing on a timely basis may cause Strategic or any of the Subsidiary Companies to postpone exploration or development plans, forfeit rights in some or all of its properties or joint ventures, or reduce or terminate some or all of its operations.

(h) Price Volatility of Publicly Traded Securities

In recent months, base metals prices have dropped while precious metals have strengthened considerably. Mineral exploration activities remain at low levels and global investors are still reluctant to make large investments in the securities of junior exploration companies. There can be no assurance that market prices for securities of mineral exploration companies will improve significantly in the short, intermediate or long term.

CRITICAL ACCOUNTING ESTIMATES AND FINANCIAL INSTRUMENTS

Strategic prepares its financial statements in conformity with IFRS. Strategic lists its significant accounting policies and its financial instruments in Notes 2 and 15, respectively, to its annual audited consolidated financial statements for the twelve months ended December 31, 2018. Of the accounting policies, Strategic considers the following policy to be the most critical to the reader's full understanding and evaluation of Strategic's reported financial results.

Deferred Exploration Costs

Strategic is in the exploration stage with respect to its investment in natural resource properties and accordingly follows the practice of capitalizing all costs related to each exploration project, until such time as the project is put into commercial production, sold or abandoned. Management reviews capitalized costs on its mineral properties for signs of impairment both quarterly and annually and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from production on the mineral properties or proceeds from the sale or option of the mineral properties.

MANAGEMENT AND BOARD OF DIRECTORS

See "Subsequent Events" for additional information.

INVESTOR RELATIONS

All investor relations activities are performed by Strategic management.

RESEARCH, PROPERTY TRANSACTIONS AND EXPLORATION

The following are summaries of Strategic's various property interests.

(1) Wholly-Owned Properties

As a project generator, Strategic has assembled a portfolio of over 100 wholly-owned mineral properties in Yukon Territory, British Columbia and western Northwest Territories. Exploration activities by Strategic on its properties are conducted on a selective basis with priority given to: (i) claim blocks requiring assessment work; and (ii) properties that host commodities and deposit types which management believes are most attractive under the prevailing equity market conditions. General information concerning Strategic's mineral properties is available on its web site www.strategicmetalsltd.com and National Instrument 43-101 technical reports for some of the properties can be viewed at www.Sedar.com.

Strategic has received land use approvals that will permit advanced exploration activities at 16 of its mineral projects in Yukon. These multi-year approvals contemplate tens to hundreds of drill holes and other related work, at each project. The approvals should allow Strategic or optionees to rapidly advance promising discoveries.

(a) 2019 Exploration Programs

The ongoing 2019 exploration program includes diamond drilling at the Meloy, Sixty Mile, and Hartless Joe properties and trenching and road construction at the Mount Hinton property. Surface work will also be carried out at several other properties. The surface programs are designed to advance the projects to the drill ready stage. The program is proposed to continue into the fall.

The results from the 2019 program received as of August 28, 2019 are included below under the applicable property heading.

(i) Meloy Property

The Meloy property is located 45 km northwest of the Alaska Highway and 15 km northeast of the Gladstone Creek placer gold district, in southwestern Yukon. The main exploration target is a porphyry copper-silver-gold-molybdenum system that is marked by an intense multi-element geochemical anomaly. The 2019 holes were drilled across the core of the geochemical anomaly. Drill core is currently being processed and results will be announced when all of the data has been compiled and interpreted.

(ii) Sixty Mile Property

The Sixty Mile property forms part of Strategic's Dawson project and lies within the second largest placer gold district in Yukon. It is road accessible and is located 70 km west of Dawson City. The property covers a 20 km strike length of a major fault, which localized magmatism and mineralization in the district. The Sixty Mile property is comprised of 182 claims, 73 that are wholly-owned and 109 that are under option to Strategic. See "Properties Acquired from Other Parties" for additional information.

Strategic's 2019 drilling is scheduled to begin in early September. These holes are planned to test around an epithermal vein intersected in an isolated 2011 hole, which graded 132.9 g/t gold over 1.5 m. Drilling will also test an area with very low resistivity and coincident copper-molybdenum-gold-silver soil geochemistry, which were identified after the last drill program was conducted.

(iii) Hartless Joe Property

The Hartless Joe property (part of the M'Clintock project) is located 30 km east of Whitehorse, in southern Yukon. The property is underlain by a package of volcanic and sedimentary rocks that are cut by steeply-dipping porphyry dykes, as well as numerous large-scale and complex faults. Mineralization occurs in steep quartz veins along faults and in stratabound, banded and/or comb-textured quartz horizons adjacent to calcite-chlorite-albite altered sills or flows, within inter-volcanic mudstones.

Exploration in recent years focused on the northern part of the precious metal system, where multiple zones returned very high gold grades, including chip samples yielding 60 g/t gold over 1.2 m at the King Zone and 462 g/t gold over 0.4 m at the Queen Zone. Work in 2018 focused on the southern portion of the system, which covers the Grumpy and Gusano showings.

The Grumpy Showing was discovered in 1997 by government geologists, who collected a sample of mineralized quartz during a regional mapping program. Subsequent exploration has identified a broad area of gold- and silver-bearing quartz-carbonate float, where thirteen rock samples averaged 37 g/t gold and 1391 g/t silver, with peak values of 251 g/t gold and 5,010 g/t silver. In 2018, hand trenching at the Grumpy Showing exposed a steeply-dipping, mineralized quartz vein, within a dilational fault zone. A continuous chip sample taken across this vein assayed 9.57 g/t gold over 2 m.

The Gusano Showing, located 700 m south of the Grumpy Showing, was discovered by Strategic in 2017. It covers a vegetated slope that is underlain by a recessive mudstone unit. One of two ridge-top hand trenches successfully exposed a siliceous, mineralized horizon, which sits on top of a shallowly-dipping, rhyolite sill or flow. Chips samples taken along the floor of the trench averaged 1.31 g/t gold over 7 m. Rock samples collected from talus along a strike length of 500 m yielded up to 49.8 g/t gold and 365 g/t silver.

Soil sampling and prospecting in 2018 expanded the gold-rich system to an area that is 6.5 km long and up to 3.5 km wide. However, much of this area is covered by soil and talus. The mineralized bedrock exposed in the 2018 trenches is important because it defines specific drill targets.

Five drill holes have been completed as part of the 2019 exploration program. These holes tested beneath the mineralization exposed in the 2018 hand trenches and across talus trains and a chargeability high which coincides with a broad, strong soil geochemical anomaly at the Grumpy Showing. Assay results will be announced when available.

(iv) Mount Hinton Property

The Mount Hinton property (part of the Tombstone 2 project) is located within the prolific Keno Hill mining camp in central Yukon Territory. It is road accessible and lies 4 to 15 kilometres south of Alexco Resource Corp.'s mill in Keno City. The property hosts numerous precious metals rich veins developed in steeply dipping dilatant zones, which cut the same stratigraphic package as the Keno Hill veins. Previous work has identified several well mineralized veins that have not yet been tested by diamond drilling.

On August 21, 2019, Strategic announced partial results from the first of two phases of the 2019 exploration program at the Mount Hinton property. The 2019 program is designed to follow-up promising gold values obtained from soils and rocks collected in 2018. The Phase 1 program expanded soil sample coverage and initiated prospecting within recently identified soil anomalies in the headwaters of a productive placer creek. Phase 2 involved geological mapping, more detailed prospecting, in-fill soil sampling and follow-up work on rock samples collected during Phase 1.

Highlights from the Phase 1 rock sampling include:

- the discovery of a linear train of vein quartz and brecciated vein extending 230 m northeasterly from a talus sample that assayed 2,340 g/t gold and 597 g/t silver to an outcrop of altered and oxidized breccia grading 33.3 g/t gold and 654 g/t silver; and
- the identification of a parallel train of vein quartz and breccia located 150 m to the east, where float samples returned:
 - 6.11 g/t gold and 165 g/t silver;
 - 1.64 g/t gold and 363 g/t silver,
 - 2.03 g/t gold and 306 g/t silver; and
- rock samples from other parts of the main soil anomaly include 15.9 g/t gold with 9.6 g/t silver and 9.26 g/t gold with 1.59 g/t silver.

Prospecting during Phase 1 of the program focused on a 3.5 km long by up to 1.5 km wide gold-in-soil anomaly located on the eastern side of Granite Creek, where little to no rock sampling had previously been done.

During Phase 2 of the program, the site of the multi-ounce gold sample was re-examined and visible gold was discovered within limonitic vein quartz float. Large blocks and finer talus of vein material mixed with oxidized brecciated vein quartz were also found in several, nearby linear structures. Sporadic outcrops of mineralized breccia and vein quartz show that these structures strike northeast and dip steeply southeast and suggest that the mineralized talus is close to its bedrock source.

Mapping and prospecting during Phase 2 also identified numerous other mineralized veins elsewhere within the Granite Creek drainage. The largest of these veins is up to 2 m wide and is intermittently exposed for 75 m along strike, on the western side of the Granite Creek basin. This vein hosts patchy massive and semi-massive arsenopyrite, galena and jamesonite. Assays from the Phase 2 sampling are pending.

Phase 3 of the 2019 program will include excavator trenching, road construction and more mapping and prospecting. This work will commence in late August and will continue until freeze-up.

Maps and figures pertaining to the properties described above and most of the other Strategic projects explored are available on the company website at www.strategicmetalsltd.com. National Instrument 43-101 reports on the Hartless Joe, Mount Hinton, Hopper, CD, GK and Meloy properties can be viewed under the Strategic profile at www.Sedar.com.

(2) Properties Sold to Other Parties

(i) Van Property

By agreement dated July 30, 2018, Strategic granted Vanadium North Resources Inc. (“VNR”) the option to purchase a 100% interest in seven (7) mining claims located in the Northwest Territories. VNR assigned the option to Regency Gold Corp. (“Regency”) as part of a corporate acquisition and the option agreement was amended on February 28, 2019. The agreement was terminated August 1, 2019 as certain conditions precedent were not completed by Regency. Strategic maintains a 100% interest in the property.

(3) Properties Optioned to Other Parties

(i) Lance and Lois Properties

By agreement dated November 1, 2018, Strategic granted West Pacific Ventures Inc. (“West Pacific”) an option to acquire a 100% interest in the Lance and Lois properties (part of the Tombstone 2 project). The agreement was terminated on July 1, 2019 as certain conditions precedent were not completed by West Pacific. Strategic maintains a 100% interest in the property.

(ii) Batt Property

By agreement dated March 26, 2018, Strategic granted Bluebird Battery Metals Inc. (“Bluebird”), formerly Golden Peak Minerals Inc., an option to acquire an eighty percent (80%) interest in the Batt 1 through 52 claims under the following terms:

- Bluebird paying \$25,000 and issuing 250,000 shares to Strategic upon Exchange acceptance (completed);
- Bluebird incurring an aggregate \$500,000 in exploration expenditures on the property by March 31, 2021;
- Strategic retaining a one percent (1%) net smelter return royalty interest in the eighty percent (80%) property interest to be acquired by Bluebird; and
- following the exercise of the option by Bluebird, the parties will form a joint venture to develop the property.

In early August of 2018, Bluebird funded a soil geochemistry survey and a prospecting program at the Batt property. To date, the results from the 2018 program have not been announced and no program has been scheduled for 2019.

(4) **Properties Acquired from Other Parties**

(i) Sixty Mile Property

By agreement dated June 11, 2018 and amended June 12, 2018, an arm’s length third party has granted Strategic an option to acquire a 100% interest in 109 quartz mining claims located in the Dawson Mining District, Yukon. Strategic can acquire the property subject to the following:

- a \$10,000 payment on signing of the agreement (paid);
- annual payments of \$10,000 commencing on June 1, 2019 and concluding on 2027;
- the property vendor has retained net smelter return royalty interest equal to 2% on precious metals and 1% on base metals;
- Strategic can purchase a half interest in the net smelter return royalty interest for:
 - o \$300,000 within 90 days of acquiring the property (the “Early Purchase Right”);
 - or
 - o \$400,000 any time after expiry of the Early Purchase Right and prior to the commencement of commercial production from the property.

The Sixty Mile property (part of the Dawson project) is located in the heart of the Sixty Mile placer gold camp, historically the second most productive placer gold district in the Yukon. Diamond drilling by previous operators returned encouraging results, including an intercept that ran 132.9 g/t gold over 1.5 m.

The Sixty Mile property will be diamond drilled later this summer as part of the 2019 exploration program.

(ii) Swede Johnson Property

By agreement dated May 10, 2018, two arm's length third parties have granted Strategic an option to acquire a 100% interest in 28 quartz mining claims located in the Whitehorse Mining District, Yukon. Strategic can acquire the property subject to the following:

- a \$25,000 payment on signing of the agreement (paid);
- a \$5,000 payment on or before April 30, 2019 (paid);
- a \$20,000 payment on or before April 30, 2020;
- the property vendors have retained net smelter return royalty interest equal to 3% on all future metal production from the property; and
- Strategic can purchase a half interest in the net smelter return royalty interest for \$250,000 any time after acquiring the property and prior to December 31, 2025.

The Swede Johnson property (part of the Kluane project) covers an historic placer creek and the direct extensions of strong gold in soil geochemical anomalies on Strategic's adjacent Vault property. Strategic has completed prospecting and sampling programs on the Swede Johnson and Vault properties in 2019. Assay results from the 2019 samples will be announced once available.

(iii) Kelli-Reed Creek Property

By agreement dated May 10, 2018, Kelli-Reed Creek Resources Ltd. ("KRC") has granted Strategic an option to acquire a 100% interest in 89 quartz mining claims located in the Whitehorse Mining District, Yukon. Strategic can acquire the property subject to the following:

- a \$15,000 payment on signing of the agreement (paid);
- a \$25,000 payment on or before April 30, 2019 (paid);
- a \$100,000 payment on or before each of April 30, 2020 and 2021;
- a \$200,000 payment on or before April 30, 2022;
- incurring \$50,000 in exploration expenditures on or before December 31, 2018 (completed);
- KRC has retained net smelter return royalty interest equal to 3% on all future metal production from the property; and
- Strategic can purchase a half interest in the net smelter return royalty interest for \$250,000 any time after acquiring the property and prior to April 30, 2025.

The Kelli-Reed Creek property (part of the Kluane project) overlies productive placer gold mining operations and is flanked by strong gold in soil anomalies located on Strategic's adjoining Vault property.

A 2018 work program consisting of a soil geochemistry survey and geological mapping confirmed historical results. The best result was a rock sample comprising several chips collected over a 7 m interval along the wall of an old bulldozer trench which graded 25.6 g/t gold.

In 2019, Strategic deepened and resampled the old bulldozer trench. The 2019 work is intended to confirm historical gold assay values and provide new information to better evaluate the nature of the mineralization on the property. The 2019 sample assay results will be announced once available.

TECHNICAL REVIEW

Historical technical information disclosed in this MD&A has been reviewed by Heather Burrell, B.Sc., P.Geo., a geological consultant to Strategic and a qualified person for the purposes of National Instrument 43-101.

All technical information related to the 2019 exploration program has been reviewed by Jackson Morton, P. Geo., a geological consultant to Strategic and a qualified person for the purposes of National Instrument 43-101.

CHAMPAGNE AND AISHIHIK FIRST NATIONS

Strategic and the Champagne and Aishihik First Nations (the “CAFN”) entered into an exploration agreement (the “EA”) dated November 21, 2017. The EA provides a framework for consultation pertaining to all exploration activities undertaken by Strategic within the CAFN traditional territory. Strategic currently holds eight projects within the CAFN traditional territory.

LITTLE SALMON/CARMACKS FIRST NATION

Strategic and the Little Salmon/Carmacks First Nation (the “LSCFN”) entered into an exploration benefits agreement (the “EBA”) dated November 20, 2018. The EBA provides a framework for consultation pertaining to all exploration activities undertaken by Strategic within the LSCFN traditional territory. Strategic currently holds four projects within the LSCFN traditional territory.

TERRA CO₂ TECHNOLOGIES LTD.

From 2013 to 2016, Strategic worked on carbon dioxide (CO₂) conversion and mine waste remediation research projects. By agreement dated September 23, 2016, Strategic completed the sale of the research projects and related patents to Terra, then a wholly-owned subsidiary.

The purchase price paid by Terra for the technology was \$1,000,000, and was paid through the issuance of 20,000,000 Terra units to Strategic at a deemed price of \$0.05 per unit. Each unit consisted of one Terra common share and one-half (1/2) of a share purchase warrant. Each whole warrant entitles Strategic to purchase one additional Terra common share at a price of \$0.25 for a period expiring on the earlier of:

- (i) September 23, 2021; and
- (ii) the date Terra completes an initial public offering of its securities, if applicable.

On January 16, 2017, Terra completed a \$585,000 private placement financing. The financing consisted of a unit offering at the price of \$0.25 per unit with each unit consisting of one Terra share and one share purchase warrant. The warrants entitle the holder to purchase one additional Terra share at a price of \$0.50 at any time on or before January 16, 2022.

Following the completion of the January 2018 financing, Strategic's interest in Terra was reduced to 89.5%.

Since late 2016, Terra has worked to develop various environmental technologies. Its current research involves bench scale studies related to cementation of mine tailings and other industrial wastes. A patent application has recently been filed in respect of related processes developed by Terra and research is ongoing.

Current provincial and federal regulations and the financial climate around environmentally clean technological innovation are very favourable for accelerated development of applicable technologies. Terra has received some grants from government agencies.

SUBSEQUENT EVENTS

1. On July 22, 2019, Strategic closed an equity financing. See "Liquidity and Capital Resources" for additional information.
2. It was with great sadness that Strategic acknowledged the passing of director R.E. Gordon Davis on July 19, 2019. Mr. Davis enjoyed a long and distinguished career as a geological engineer and mining entrepreneur. His many accomplishments included the co-discovery of the Faro lead-zinc-silver deposits in the Yukon, the founding of Cyprus Anvil Mining Corporation and the discovery of the Camino Rojo gold deposit in Mexico as Chairman and CEO of Canplats Resources Corporation. Mr. Davis' input and contributions to the Strategic board were always greatly valued.
3. On August 21, 2019, Strategic announced partial results from its 2019 exploration program. See "2019 Exploration Program" for additional information.

SHARE CAPITAL INFORMATION

Shares

The authorized share capital of Strategic consists of the following classes of shares:

- (a) an unlimited number of common shares without par value;
- (b) an unlimited number of Class A preferred shares without par value; and
- (c) an unlimited number of Class B preferred shares with a par value of \$10.00 each.

As of August 28, 2019, there were 96,568,357 common shares issued and outstanding and no outstanding Class A or Class B preferred shares.

Stock Options

As of August 28, 2019, the following incentive stock options were outstanding:

Number of Options Outstanding	Price	Expiry Date
400,000	\$0.35	May 11, 2020
1,415,000	\$0.35	February 18, 2021
4,070,000	\$0.45	October 17, 2022
160,000	\$0.40	December 7, 2023
6,045,000		

Warrants

As of August 28, 2019, Strategic had the following share purchase warrants outstanding:

Number of Warrants Outstanding	Exercise Price	Expiry Date
3,686,525	\$0.40	July 22, 2021

STRATEGIC METALS LTD.
 1016 - 510 West Hastings Street
 Vancouver, B.C. V6B 1L8
 Tel: 604-687-2522 Fax: 604-688-2578
 E-mail: info@strategicmetalsltd.com
 Trading Symbol: TSX-V: SMD

CORPORATE INFORMATION

W. Douglas Eaton, North Vancouver, B.C.	President, Chief Executive Officer and Director
Larry B. Donaldson, Port Moody, B.C.	Chief Financial Officer
Ian J. Talbot, North Vancouver, B.C.	Chief Operating Officer
Glenn R. Yeadon, Vancouver, B.C.	Secretary and Director
Richard M. Drechsler, Squamish, B.C.	Vice-President Communications
Bruce A. Youngman, Powell River, B.C.	Independent Director
Lee A. Groat, West Vancouver, B.C.	Independent Director
Bruce J. Kenway, Calgary, Alberta	Independent Director
Ryan E. Schedler, Dallas, Texas	Independent Director

Registered Office
 1710 - 1177 West Hastings Street
 Vancouver, B.C. V6E 2L3

Transfer Agent
 Computershare Investor Services Inc.
 2nd Floor - 510 Burrard
 Vancouver, B.C. V6C 3B9

Auditors
 Davidson & Company LLP
 1200 – 609 Granville Street
 Vancouver, B.C. V7Y 1G6