Strategic metals ltd.

MANAGEMENT DISCUSSION AND ANALYSIS
for the Three Months and the Six Months ended June 30, 2023
(including Subsequent Events to August 25, 2023)

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, 2023 should be read in conjunction with the Strategic condensed interim consolidated financial statements for the three months and the six months ended June 30, 2023 and the audited consolidated financial statements and related notes for the twelve months ended December 31, 2022. 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") and GGL Resources Corp. ("GGL"), 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, GGL or Broden Mining Ltd. ("Broden").

The common shares of Rockhaven and GGL are listed on the TSX Venture Exchange (the "Exchange") and both companies file separate financial statements.

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, northern British Columbia and western Northwest Territories. A list of the Strategic projects and the specific properties that comprise those projects is set out in Schedule "A" to this MD&A. For cost accounting purposes, some properties are allocated to specific projects based on geological similarities and geographical location.

Nearly all of these properties have accumulated exploration assessment credits sufficient to keep them in good standing significantly beyond the end of 2023. Only twelve 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, including precious metal, base metal and critical metal projects. 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 focussing its exploration on its Gold Point gold-silver project in Nevada. Broden is endeavouring to acquire rights to certain lands in the Faro district of east-central Yukon, with the intension of reactivating mining activities in that historical zinc-lead camp.

OVERALL PERFORMANCE

As of August 25, 2023, Strategic had no debt and had sufficient working capital to cover anticipated administrative overhead costs through 2023. Strategic also had sufficient funds to cover costs related to its generative research, property evaluation and acquisition, and property exploration through 2023. See “Risks and Uncertainties” and “Liquidity and Capital Resources” for additional information.

SELECTED ANNUAL INFORMATION

	December 31, 2022	December 31, 2021	December 31, 2020
Revenues	Nil	Nil	Nil
Income (Loss) attributable to owners	($3,118,363)	($4,535,434)	$4,447,045
Net Income (Loss) per Share - Basic/Diluted	($0.03)	($0.04)	$0.04
Total Assets	$96,187,547	$94,077,211	$97,019,709
Total Long-term Financial Liabilities	Nil	Nil	Nil
Cash Dividends Declared per Share	Nil	Nil	Nil

Strategic incurred a loss attributable to common shareholders of approximately $3,118,000 during the year ended December 31, 2022, compared to a loss attributable to common shareholders of approximately $4,535,000 during the comparative year, representing a change of approximately $1,417,000.

The decrease in net loss during the year ended December 31, 2022 is mainly due to a decrease in unrealized losses from marketable securities (public) of approximately $3,700,000, an increase in gain on derecognition of investment in associate of approximately $1,111,000, and a decrease in losses from investment in associates of approximately $974,000.

The overall decrease in net loss was partially offset by a decrease in gain from disposal of mineral property interests of approximately $3,343,000, a decrease in dilution gains from an investment in associate of approximately $1,269,000, and an increase in mineral property costs written-off of approximately $2,053,000.

All other expenditures remained consistent between periods.

SUMMARY FINANCIAL INFORMATION (for the eight quarters ended June 30, 2023)

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, 2023	Nil	($993,405)	($0.01)
March 31, 2023	Nil	($614,447)	($0.01)
December 31, 2022	Nil	($945,514)	($0.01)
September 30, 2022	Nil	($1,455,611)	($0.01)
June 30, 2022	Nil	($1,872,588)	($0.02)
March 31, 2022	Nil	$1,155,350	$0.01
December 31, 2021	Nil	$1,220,043	$0.01
September 30, 2021	Nil	($3,566,227)	($0.03)

RESULTS OF OPERATIONS

Strategic incurred a loss attributable to common shareholders of approximately $993,000 during the three months ended June 30, 2023, compared to approximately $1,873,000 during the three months ended June 30, 2022, representing a change of approximately $880,000.

The decrease in loss during the three months ended June 30, 2023 is mainly due to a decrease in unrealized losses on marketable securities (public companies) of approximately $1,297,000, as well as an increase in unrealized gains on marketable securities (private companies) of approximately $138,000, from an unrealized loss in 2022 of approximately $21,000 to an unrealized gain in 2023 of approximately $117,000. Furthermore, Strategic recognized an increase in interest income of approximately $24,000, and a decrease in loss from investment in associated companies of approximately $22,000, between periods.

The overall decrease in net loss was partially offset by an increase in realized losses on the sale of marketable securities (public companies) of approximately $321,000, and a decrease in deferred income tax recovery of approximately $216,000.

All other expenditures remained consistent between periods.

LIQUIDITY AND CAPITAL RESOURCES

(a) Working Capital

Strategic had working capital in the amount of $8,479,102 at June 30, 2023 compared to $18,511,461 at June 30, 2022. 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, GGL, Terra and Broden (see Major Shareholdings in Other Companies).

(b) 2022 Private Placement

On May 19, 2022, Strategic closed a non-brokered structured private placement offering (the "Offering"), consisting of the sale of the following securities:

(i) 2,600,000 flow-through shares at a price of $0.60 per share, for gross proceeds of $1,560,000, ("CMETC eligible FT Shares"), that qualified for the 30% Critical Mineral Exploration Tax Credit as provided for in the Canadian federal budget of April 7, 2022; and

(ii) 550,000 additional flow-through shares at $0.56 per share, for gross proceeds of $308,000, ("METC eligible FT Shares"), to fund "flow-through mining expenditures" within the meaning of section 127(9) of the Income Tax Act (Canada) that qualify for the 15% Mineral Exploration Tax Credit.

Strategic conducted a multifaceted exploration program during the 2022 field season to advance a number of its critical metal projects. The 2022 program was designed to explore projects with demonstrated potential for one or more of the following critical metals – copper, zinc, nickel, cobalt and vanadium – and includes geophysical surveys, soil geochemical sampling and detailed mapping. The diamond drilling planned for 2022 was deferred until 2023 so that the results from 2022 could be fully evaluated. Work planned in 2023 is designed to satisfy the outstanding flow-through obligation. Descriptions of exploration programs at specific projects is disclosed below in the applicable mineral property summary.

(c) Equity Portfolio

Strategic currently holds securities in 27 other publicly traded 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.

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 25, 2023, Strategic held a total of 81,870,212 Rockhaven shares, representing 29.65% of the 276,136,470 issued Rockhaven share capital. These shares had a market value of approximately $4.50 million on that date. All Rockhaven 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 Rockhaven holdings. Certain officers and directors of Strategic are also officers and directors of Rockhaven. For more information concerning Rockhaven, readers should refer to that company's website.

(b) GGL

As of August 25, 2023, Strategic held a total of 21,329,553 shares of GGL, representing approximately 34.48 % of the 61,857,475 issued and outstanding common shares of GGL. These shares had a market value of approximately $1.49 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. For more information concerning GGL, readers should refer to that company's website.

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

As of August 25, 2023, Strategic held a total of 15,263,673 shares of Silver Range, representing approximately 16.34% of the 93,404,405 issued and outstanding common shares of Silver Range. These shares had a market value of approximately $1.60 million on that date. All Silver Range Resources securities are held by Strategic for investment purposes.

Certain officers and directors of Strategic are also officers and directors of Silver Range. For more information concerning Silver Range, readers should refer to that company's website.

(d) Precipitate Gold Corp. ("Precipitate")

As of August 25, 2023, Strategic held 20,391,327 common shares of Precipitate, representing approximately 15.64% of the 130,366,808 issued and outstanding Precipitate common shares. These shares had a market value of approximately $1.33 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. For more information concerning Precipitate, readers should refer to that company's website.

(e) Trifecta Gold Ltd. ("Trifecta")

As of August 25, 2023, Strategic held 6,906,318 common shares of Trifecta, representing approximately 8.62% of the 80,099,286 issued and outstanding Trifecta common shares. These shares had a market value of approximately $276,000 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. For more information concerning Trifecta, readers should refer to that company's website.

(f) Honey Badger Silver Inc. ("Honey Badger")

As of August 25, 2023, Strategic held 6,106,090 common shares of Honey Badger, representing approximately 15.23% of the 40,101,491 issued and outstanding Honey Badger common shares. These shares had a market value of approximately $458,000 as of that date. All Honey Badger securities are held by Strategic for investment purposes.

Although there is one director common to both companies, the majority of the Honey Badger directors are independent of the Strategic board of directors. For more information concerning Honey Badger, reader should refer to that company's website.

(g) Broden

As of August 25, 2023, Strategic held 4,944,444 common shares of Broden representing approximately 32.10% of the 15,403,252 issued and outstanding Broden common shares. Broden is a private company whose market value has not yet been determined. All Broden shares are held by Strategic for investment purposes.

Although there is one director common to both companies, the majority of the Broden directors are independent of the Strategic board of directors.

Broden is working with the Ross River Dena Council to complete the acquisition of a large package of land ("Vangorda Lands") in the Faro mining district in southern Yukon. The Vangorda Lands host several deposits containing zinc, lead, silver and other metals. There is excellent exploration potential in the area for additional discoveries. The reader is directed to a joint news release from the Government of Canada, Ross River Dena Council and Broden dated August 30, 2021 for additional information.

(h) Terra

As of August 25, 2023, Strategic held 15,000,001 common shares of Terra, representing approximately 11.7% of the issued and outstanding Terra common shares. Strategic also holds 5,000,000 warrants each entitling the holder to purchase one common share at a price of US$0.1868 per share at any time until September 23, 2023. Terra is a private company whose market value has not yet been determined. All Terra shares are held by Strategic for investment purposes.

As Strategic's investment in Terra was diluted to 11.7% based on an equity financing completed by Terra, in early 2022, Strategic has discontinued accounting for its investment in Terra using the equity method, and now accounts for its investment as a financial asset at fair value.

Terra is developing alternative cementitious material ("ACM") as an environmentally sensitive alternative to Portland cement. It is also developing new technologies relating to supplemental cementitious material ("SCM"), which is used in conjunction with Portland cement. Terra's ACM research is in the field of geopolymer cement, also known as alkali-activated materials (AAM). For more information concerning Terra, readers should refer to that company's website.

OFF-BALANCE SHEET ARRANGEMENTS

Strategic does not utilize off-balance sheet arrangements.

ROYALTY INTERESTS

Strategic currently holds royalty interests in the following twelve mineral properties:

Property	Royalty	Status	Commodities	Company	Website
Has	2% NSR*	Exploration	Au	Aloro Mining	www.aloromining.com
Hyland Gold	1/4% NSR	Resource Expansion	Au	Banyan Gold	www.banyangold.com
Ree	2% NSR	Exploration	REE	Yankee Hat Minerals	www.yankeehatminerals.com
Reef	2% NSR*	Exploration	Au	Seabridge Gold	www.seabridgegold.com
Gram	2% NSR*	Exploration	Ag, Pb, Zn	Metallic Minerals	www.metallic-minerals.com
Teach	2% NSR*	Exploration	Ag, Pb	Metallic Minerals	www.metallic-minerals.com
LNPG	2% NSR**	Exploration	Li	Lake Winn Resources	www.lakewinn.ca
Plata	2% NSR***	Historical small scale production	Ag, Au, Pb, Zn	Honey Badger Silver	www.honeybadgersilver.com
Goundhog	2% NSR***	Exploration	Ag, Pb, Zn	Honey Badger Silver	www.honeybadgersilver.com
Hy	2% NSR***	Exploration	Ag, Pb, Zn	Honey Badger Silver	www.honeybadgersilver.com
Harlot	2.5% NSR****	Exploration	Au, Zn, Ni	HighGold Mining	www.highgoldmining.com
Harlow	2.5% NSR****	Exploration	Au, Zn, Ni	HighGold Mining	www.highgoldmining.com

*2% on precious metals, 1% on other metals

**can be reduced to 1% for $2,000,000

***excludes silver

****can be reduced to 2% for $750,000

A detailed discussion regarding most of these royalty interests is not presented in this MD&A as several of these mineral properties are relatively inactive at the present time. The reader should refer to the websites of the respective property owners to learn more about these royalty projects.

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 5, 2022 and will expire on December 4, 2023. Under the 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 of 2008, a total of 7,044,000 shares have been purchased under all Buy-back Plans.

Shareholder Rights Plan

At the December 10, 2020, 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 rights plan will be reconfirmed or replaced with a new rights plan at a Strategic annual general and special meeting to be held in 2023. As of August 25, 2023, the date for the 2023 meeting had not been determined.

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 reinvest any gains made within the Fund, Strategic's original working capital exposure within the Fund may not exceed $2 million.

TRANSACTIONS WITH RELATED PARTIES

<u>Management</u>

The following figures are consolidated and include the accounts of Rockhaven and GGL. During the three months ended June 30, 2023, legal fees and disbursements totalling $21,406 were incurred with a personal law corporation controlled by Glenn R. Yeadon ("Yeadon"), the Secretary and a director of Strategic, compared to $83,120 incurred during the three months ended June 30, 2022. During the six months ended June 30, 2023, legal fees and disbursements totalling $41,851 were incurred with Yeadon, compared to $98,750 incurred for the six months ended June 30, 2022.

The following figures are consolidated and include the accounts of Rockhaven and GGL. During the three months ended June 30, 2023, $38,200 in accounting fees were incurred with Donaldson Brohman Martin, Chartered Professional Accountants, compared to $42,500 incurred during the three months ended June 30, 2022. During the six months ended June 30, 2023, accounting fees and disbursements totalling $79,700 were incurred with Donaldson Brohman Martin, compared to $84,000 incurred for the six months ended June 30, 2022. Donaldson Brohman Martin is an accounting firm in which Quinn Martin, the Strategic Chief Financial Officer is a partner.

During the three months ended June 30, 2023, management fees totalling $10,500 were paid to Ian Talbot, Strategic's Chief Operating Officer, compared to $10,500 paid during the three months ended June 30, 2022. During the six months ended June 30, 2023, consulting fees totalling $21,000 were paid to Talbot, compared to $21,000 incurred for the six months ended June 30, 2022.

The following figures are consolidated and include the accounts of GGL. During the three months ended June 30, 2023, fees for management services totalling $26,378 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 $30,940 paid during the three months ended June 30, 2022. During the six months ended June 30, 2023, fees for management services totalling $57,318 were paid to Drechsler, compared to $50,490 paid during the six months ended June 30, 2022.

During the three months ended June 30, 2023, fees for management services totalling $36,000 were paid to ECEE Money Limited ("ECEE"), a private British Columbia corporation controlled by Douglas Eaton, the President of Strategic compared to $36,000 for the three months ended June 30, 2022. During the six months ended June 30, 2023, fees for management services totalling $72,000 were paid to ECEE, compared to $48,000 incurred for the six months ended June 30, 2022. ECEE began providing management services to Strategic on March 1, 2022, so the comparative figure only includes a four month period beginning on March 1, 2021. Prior to March 1, 2022, Douglas Eaton was a partner in and a paid consultant to Archer Cathro, which provided management and other services to Strategic, as discussed in the following subsection.

During the three months ended June 30, 2023, advisory fees totalling $3,000 were paid to Rachele Gordon ("Gordon"), a director of Strategic and Chairperson of the Audit Committee. During the six-month period ended June 20, 2023, advisory fees totalling $6,000 were paid to Gordon. No comparative figures for the three month period or the six month period ended June 30, 2022 is available as Gordon began providing advisory services to Strategic on May 9, 2022.

Archer Cathro

The following figures are consolidated and include the accounts of Rockhaven and GGL. During the three months ended June 30, 2023, $374,712 in costs related to mineral property acquisition, exploration and evaluation, management, office rent and administration were billed by Archer Cathro compared to $777,326 billed by Archer Cathro during the three months ended June 30, 2022. During the six months ended June 30, 2023, $748,212 in costs related to mineral property acquisition, exploration and evaluation, management, office rent and administration were billed by Archer Cathro compared to $1,194,469 billed by Archer Cathro during the six months ended June 30, 2022.

Archer Cathro is a private geological consulting firm with offices in Vancouver and Squamish, British Columbia and Whitehorse, Yukon. Prior to February 28, 2022, Douglas Eaton was a director of Archer Cathro and a director of Strategic, Rockhaven, Silver Range, Honey Badger, Broden and GGL.

Douglas Eaton ceased to be a partner in Archer Cathro effective February 28, 2022, but continues to sit as a director of Strategic, Rockhaven, Silver Range, Honey Badger, Broden and GGL. Douglas Eaton is a preferred shareholder in Archer Cathro. He is not an active member of the management of Archer Cathro and he does not have any voting rights or veto powers. Mr. Eaton's preferred shareholding is a residual interest from his former partnership in Archer Cathro and that interest will be retired over time.

Effective March 1, 2022, Douglas Eaton became a consultant to Strategic. He is remunerated by way of consulting fees through ECEE and is not an employee of Strategic. Mr. Eaton is not an employee of or consultant to any of the Subsidiary Companies and does not receive any salary, bonuses or benefits directly from the Subsidiary Companies other than by way of incentive stock options.

Prior to March 1, 2022, Mr. Eaton received indirect compensation from Strategic and the Subsidiary Companies through his interest in Archer Cathro. That indirect compensation depended on Archer Cathro's profitability and was 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 varied between 20 and 100% at various times since he became a partner in 1981. On March 1, 2022, Mr. Eaton ceased being a partner in Archer Cathro and at that time, held a 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, GGL or Broden, as applicable. Exploration and administrative activities conducted by Archer Cathro are designed and monitored by the senior management of Strategic, Rockhaven, GGL or Broden, 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 ended June 30, 2023 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 rental payments and administrative fees 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 database. This database has been assembled by Archer Cathro over its 58 years of operation. Strategic does not pay Archer Cathro for access to the database 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 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, GGL and Broden 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, GGL or Broden. Mineral claims, permits or tenures may be subject to prior unregistered agreements or transfers or to First Nations issues. Title to the claims, permits or tenures comprising the properties held by Strategic, Rockhaven, GGL or Broden 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) 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.

(c) 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.

Strategic's operations are carried out in accordance with various permits including, but not limited to, surface use, surface disturbance and water use. Permits are issued by the provincial, territorial or municipal agency having jurisdiction over the matter for which a permit is sought. The issuance of an applicable permit is not guaranteed and Strategic's operations may be delayed, suspended or prohibited from commencing if the necessary permits cannot be obtained in a timely manner or at all.

(d) 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.

(e) 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, GGL or Broden, 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.

(f) Climate Change

The operations of Strategic and the Subsidiary Companies could be positively or negatively impacted by new regulations and developments related to climate change. Where possible, Strategic and the Subsidiary Companies conduct their exploration in a manner that minimizes their respective use of hydrocarbon-based energy, but options are limited by the temporary nature of the exploration camps and their remote locations which precludes access to electrical power grids. Several of Strategic's projects are being explored for critical metals that are used in electrical generation and distribution, and in new battery technologies. Demand for these metals is projected to grow significantly as the world moves away from hydrocarbon fuels.

(g) Labour and Supply Issues

The operations of Strategic and the Subsidiary Companies could be disrupted or delayed by shortages of workers, services or supplies. The shortages of labour and supplies are affecting most businesses and are resulting in higher rates of inflation throughout the economy. Delays and inflation could make budgeting unreliable and result in the shortening or cancelling of some planned exploration programs.

(h) 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.

(i) Price Volatility of Publicly Traded Securities

Ongoing supply chain shortages and inflation, coupled with the Russian invasion of Ukraine have produced significant market volatility and uncertainty globally. Economic sanctions imposed on Russia by many western governments including Canada, directly impact the supply and price of several commodities. Governments are working to address some of these uncertainties and to minimize the impacts of an economic recession that is expected to occur later this year. These underlying economic conditions affects demand and pricing of metals in different ways, some positively and some negatively. In the near term, market volatility and uncertainty are likely to continue.

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, 2022. 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

On May 10, 2023, Larry Donaldson, the Strategic Chief Financial Officer resigned and Quinn Martin was appointed as the Chief Financial Officer. There were no other changes to the Strategic board of directors or management during or subsequent to the three months ended June 30, 2023.

INVESTOR RELATIONS

Investor relations activities are currently performed by Strategic management and Red Cloud Financial Services Inc. ("Red Cloud").

By agreement dated January 26, 2021 (the "Services Agreement"), Red Cloud was retained by Strategic to organize and administer road shows, draft additional marketing materials, manage Strategic's social media, provide traditional media support and assist in the creation of video content for exclusive use on Red Cloud TV. Under the Services Agreement, Red Cloud is paid $10,000 per month for such services.

On July 31, 2023, Strategic provided Red Cloud with notice of termination of the Services Agreement. Effective August 31, 2023, the Services Agreement will formally terminate. Red Cloud currently holds no Strategic common shares or incentive stock options and has no direct relationship with Strategic other than as noted above.

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 under the Strategic profile at www.Sedar.com.

Strategic currently has land use approvals that will permit advanced exploration activities at 5 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.

Descriptions and the availability of the Strategic properties can be found on the Strategic website (www.strategicmetalsltd.com).

2023 Exploration Program

The 2023 exploration program has been budgeted at $700,000 which includes approximately $500,000 flow-through expenditures to be incurred by December 31, 2023. Exploration work in 2023 includes a number of small sampling and prospecting programs at various properties in order to incur necessary assessment credits to keep the properties in good standing.

The majority of the 2023 expenditures will be incurred at the Mint project and will include diamond drilling. The Mint project is summarized below. Exploration expenditures that have be made at the Mint project are sufficient to satisfy Strategic's flow-through commitment for 2023. Shorter, less expensive exploration programs were also conducted on four of the Company's gold projects located elsewhere in Yukon, which are briefly summarized below.

(a) Mint Project

The Mint project is located in southwestern Yukon approximately 26 km southwest of the Alaska Highway within the traditional territory of the White River First Nation. The property hosts alkaline-type porphyry gold-copper-molybdenum mineralization that was discovered and staked in the early 1980s but received only reconnaissance-scale exploration at that time. Geological, geochemical and geophysical surveys conducted by Strategic in 2010 returned encouraging results, including a helicopter-borne versatile time domain electromagnetic and magnetic survey that outlined a circular magnetic high approximately 2,200 m in diameter. This magnetic high is centred on a high level, Mid to Late Miocene dyke of intermediate composition, which cuts approximately coeval, basic to intermediate volcanic flows and related pyroclastic and sedimentary rocks. Areas of intense silicification are present within a broader zone of sericite-pyrite alteration developed in and around the dyke.

A 1,100 by 500 m core of moderately to very strongly anomalous gold values (100 to 3,400 ppb) coincides with the strongest alteration and a potassium high defined by a helicopter-borne multispectral radiometric survey. The core of the gold anomaly lies within a larger zone of elevated gold, copper and molybdenum values, which encompasses an area 1,000 m wide and 2,100 m long. IP/resistivity geophysical surveys were conducted over much of the geochemically anomalous area during the summer of 2011. These surveys identified extensive zones of high chargeability and low resistivity.

A 2012 drill program at the Mint project consisted of five widely spaced holes totalling 1,765 m. The holes evaluated various parts of the geochemical and geophysical anomalies. Four of the five drill holes yielded long intervals with highly anomalous but sub-economic levels of gold (hole M12-01 was terminated well short of its target depth due to poor ground conditions). The best results are from near the bottom of the most northerly hole (M12-03). That hole averaged 0.204 g/t gold across its entire length of 331.74 m and included an interval that graded 0.556 g/t gold over 53.0 m.

In July 2021, detailed mapping and rock sampling within a promising target (Upper Canyon Creek Zone) that lies 800 m north of the area where the maiden drill program was conducted in 2012. The work identified a 300 m by 300 m area containing porphyry-style alteration and veining with abundant copper mineralization. Chalcopyrite, pyrite and rare molybdenite occur within veins, and chalcopyrite is present in wall rocks where veins form more than 20% of the rock. Sulphide mineralization has been weathered to limonite in many locations.

The average values for the 26 rock samples collected in 2021 from the Upper Canyon Creek Zone are 0.32% copper, 0.088 g/t gold, 5.7 g/t silver and 0.038 % molybdenum.

The 2023 exploration program at the Mint property targeted copper mineralization in the Upper Canyon Creek Zone. Work commenced in mid-June and consisted of a three-hole, 1,000 metre diamond drill program. Drill results are pending.

(b) Other 2023 Exploration Projects

The Lance property is located in central Yukon within the Tombstone Gold Belt, a band of reduced intrusion related gold systems ("RIRGS") that extends from central Alaska eastward across Yukon. The Tombstone belt includes Kinross' Fairbanks Gold mine in Alaska, Victoria Gold's Eagle Mine near Mayo in Yukon and important discoveries, most notably Snowline's Rogue discovery located about 80 kilometres east of the Lance property.

Work at the Lance property has identified several soil geochemical anomalies with elevated values for elements that are typically associated with RIRGS. Limited exploration has also identified magnetic features, fracture-filling gold mineralization and intrusive bodies that are consistent with the RIRGS model. Strategic expanded it claim block in late 2022 and spring 2023 to better cover the target area.

Exploration in 2023 targeted two areas on the property and was designed to extend the geochemical and geophysical coverage, better understand the geological setting and prospect for new areas of mineralization. Results are pending.

Limited work has also been conducted at the Byng, AS and Kluane properties. Results from these programs are in line with those from previous programs and show potential for extensive gold-enriched vein systems on each of the properties.

(2) Properties Optioned or Sold to Other Parties

(a) Hartless Joe Property

By agreement dated February 25, 2020 and amended February 16, 2023, Strategic granted a private Calgary based company ("Priveco") an option to acquire a 60% interest in the Hartless Joe property. Priveco can exercise the option by incurring aggregate exploration expenditures of $5,000,000 by February 25, 2025. Priveco and Strategic will then form a joint venture to continue exploration and development work on the property. Initial joint venture interests will be 60% (Priveco) and 40% (Strategic).

Priveco has performed exploration work in 2020 on the Hartless Joe property, including diamond drilling.

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 previous 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 and 2019 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 1,391 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, adjacent to a steeply dipping rhyolite dyke. 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 6,500 m long and up to 3,500 m 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.

The 2019 drilling at Hartless Joe tested the down-dip extension of the silicified zone at the Gusano showing, and along an important, north-south trending fault, which links the Grumpy and the Gusano showings and appears to be a locus of mineralization. This work successfully intersected gold in the silicified zone, and in quartz veins within the fault structure, along an 800 m strike length. The most significant drill results are: 2.68 g/t gold over 1.7 m, including 5.80 g/t gold over 0.61 m from the silicified zone; and 1.86 g/t gold over 4.78 m, including 3.88 g/t gold over 1.61 m, from the fault zone.

Highlights from the 2019 diamond drilling are tabulated below:

Drill Hole	From (m)	To (m)	Interval (m)*	Gold (g/t)
HJ-19-03	28.45	30.15	1.70	2.68
including	28.45	29.06	0.61	5.80
and	103.88	104.55	0.67	0.85
HJ-19-04	38.85	40.05	1.20	0.76
and	163.52	168.30	4.78	1.86
including	164.39	166.00	1.61	3.88

* True widths of drill intercepts are estimated to be 70% to 100% of interval thickness.

The 2020 diamond drilling was done at the Gusano and Grumpy showings and the holes intercepted weakly mineralized intervals. No significant work was carried out during 2021 or 2022 in large part due to the global COVID-19 pandemic.

Priveco plans to conduct an airborne geophysical survey and 2,000 m diamond drill program during the 2023 field season, but Strategic has not yet received confirmation that the planned work has been done.

(b) Clint and Magnum Properties

By agreement dated February 25, 2020 and amended February 16, 2023, Strategic granted Priveco an option to acquire 100% interests in the Clint and Magnum properties (part of the Dawson project). Priveco can exercise the option by making aggregate cash payments to Strategic of $150,000 and by incurring aggregate exploration expenditures of $1,850,000 by February 25, 2025. Priveco, at its sole discretion, may satisfy the cash payment requirements under the option by making any outstanding cash payments to Strategic at any time in advance of the required payment dates.

Priveco, at its sole discretion, may also satisfy the expenditure requirements under the option by making a cash payment to Strategic equal to two-thirds (2/3) of the outstanding expenditure balance.

Following the exercise of the option, Strategic will retain a net smelter return royalty interest in all future commercial production from the properties equal to two percent (2%) on all precious metals and one percent (1%) on all non-precious metals. Priveco may purchase half of the royalty interest at any time after the option has been exercised for $500,000.

Both of the Clint and Magnum properties are road accessible and located within the Forty Mile Placer District northwest of Dawson City, Yukon. The properties are prospective for both polymetallic Volcanogenic Massive Sulphide mineralization and orogenic gold mineralization.

No significant work was carried out during 2021 or 2022 in large part due to the global COVID-19 pandemic. As of August 25, 2023, Priveco has not advised Strategic of its exploration plans for 2023.

(c) Sixty Mile Property

By agreement dated February 25, 2020 and amended February 16, 2023, Strategic granted Priveco an option to acquire a 100% interest in the SM claim block owned by Strategic. Under the agreement, Strategic also assigned at third party option to acquire a 100% interest in 109 claims to Priveco. See "Hulstein Option" for additional information.

In order to exercise the option, Priveco is required to fulfill all outstanding obligations under the Hulstein Option, make aggregate cash payments to Strategic of $100,000 and incur aggregate exploration expenditures of $1,850,000 by February 25, 2025. Priveco, at its sole discretion, may satisfy the cash payment requirements under the option by making any outstanding cash payments to Strategic at any time in advance of the required payment dates. Priveco, at its sole discretion, may also satisfy the expenditure requirements under the option by making a cash payment to Strategic equal to two-thirds (2/3) of the outstanding expenditure balance.

Following the exercise of the option, Strategic will retain a net smelter return royalty interest in all future commercial production from the SM property equal to two percent (2%) on all precious metals and one percent (1%) on all non-precious metals. Priveco may purchase half of the royalty interest at any time for $500,000.

Following the exercise of the option, Strategic will also be granted a net smelter return royalty interest equal to one percent (1%) on all precious metals and one-half of one percent (1/2%) on all non-precious metals from all future commercial production from those claims subject to the Hulstein Option. Priveco may purchase half of this royalty interest from Strategic at any time for $250,000.

In order to exercise the Hulstein Option, Priveco is required to: (i) make annual payments of $10,000 on June 1, 2020 through 2027; and (ii) grant the property vendor a net smelter return royalty interest equal to 2% on precious metals and 1% on base metals.

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 is located within the second-most productive gold district of the Yukon, near the Yukon – Alaska border. It sits within an important structural corridor, known as the Sixty Mile – Pika fault system, which is associated with numerous Late Cretaceous mineral deposits and occurrences along its length, including the Taurus porphyry copper-molybdenum deposit and the Tetlin epithermal gold-silver deposit. The Sixty Mile property covers the Per and Glasmacher occurrences, as well as the Toni Zone, which are all associated with Late Cretaceous magmatism.

In 2019, two diamond drill holes were completed at the Toni Zone. The holes were designed to test for mineralization in the immediate vicinity of the Sixty Mile fault, in an area with elevated copper-, molybdenum-, gold- and silver-in-soil values and a coincident resistivity low. A third hole was collared 1,500 m to the southwest and targeted the strike-extension of the high-grade 2011 intercept.

Drilling at the Toni zone yielded 1.11 g/t gold over 1.95 m and 0.04% copper over 72.33 m, within a zone of intense, stockwork quartz veining, in altered plutonic rock. A single drill hole designed to test along strike of the high-grade 2011 intercept did not return any significant assay values; however, the scale of alteration and mineralization at the Sixty Mile project indicates the presence of a large, well-developed hydrothermal system.

Priveco performed reverse-circulation drilling in 2020 on the Sixty Mile property, with results similar to those obtained in 2019. No significant work was carried out during 2021 or 2022 in large part due to the global COVID-19 pandemic.

As of August 25, 2023, Priveco has not advised Strategic of its exploration plans for 2023 but Priveco did make an advanced royalty payment to the original claim owner, which was required to maintain the option on the property.

(d) Blue Heaven Property

By agreement dated June 1, 2020, Strategic granted CMC Metals Ltd. ("CMC") a two staged option to acquire up to a 100% in the Blue Heaven property. CMC can exercise the first option and acquire an 80% interest in the property by making aggregate payments of $400,000 by June 1, 2024. CMC can exercise the second option and acquire the remaining 20% interest in the property by making a $500,000 payment to Strategic within twelve months of exercising the first option.

If only the first option is exercised, CMC and Strategic will form a joint venture to continue exploration and development work on the property. The initial joint venture interests will be 80% (CMC) and 20% (Strategic).

Strategic will retain a 2% net smelter return royalty interest related to conventional mining on the property and a 10% net smelter return royalty related to all small-scale high-grade mining on the property. CMC may purchase one-half (1/2) the conventional mining royalty interest for $1,000,000.

The Blue Heaven property is located in the Rancheria District of south-eastern Yukon. It covers intrusion-related showings that include: silver-lead-zinc veins; zinc-lead-silver carbonate replacement mineralization; and tungsten-copper skarns. Nineteen showings have been identified in a 3,500 m long, up to 1,500 m belt wide belt. Limited drilling has intersected several mineralized intervals including 600 g/t silver and 9.1% lead over 1.48 m.

CMC performed orientation surveys on the Blue Heaven property in 2020 and conducted geophysical surveys in 2021 as part of a larger program that it is conducting on its adjacent Silver Hart property. In 2022, a short program of hand trenching and power auger drilling was carried out to test select vein and skarn targets. The results from the 2022 program were announced on April 6, 2023 (see CMC news release dated April 6, 2023). As of August 25, 2023, CMC had not formally announced its exploration plans for 2023, but it has indicated to Strategic verbally that it intends to drill targets on the property this year.

(e) Hopper Property

Under the terms of a property option agreement dated March 31, 2021 and amended June 29, 2003, Strategic granted CAVU Energy Metals Corp., formerly CAVU Mining Corp. ("CAVU") an option to acquire a 70% interest in the Hopper property. In December 2022, Alpha Copper Corp. ("Alpha") acquired all of the issued and outstanding common shares of CAVU by way of a statutory plan of arrangement (see Alpha news release dated December 19, 2022).

In order to exercise the option, Alpha is required to complete the following by March 31, 2025:

- make aggregate cash payments to Strategic of $700,000;
- issue an aggregate 250,000 shares to Strategic; and
- incurring aggregate exploration expenditures of $5,000,000.

Upon exercising the option, Alpha and Strategic will form a joint venture to further explore and develop the property.

The road accessible Hopper property hosts copper-gold, skarn and porphyry mineralization that is associated with a Late Cretaceous (76.0±1.1 and 83.7±1.9 Ma) granodiorite pluton, informally named the Hopper Pluton. The age of the Hopper Pluton places it in the same metallogenic episode as the Patton Porphyry, which is the mineralizing pluton at Western Copper and Gold Corporation's Casino porphyry copper-gold-silver-molybdenum deposit located 190 km to the north-northwest. The Casino deposit contains 8.9 million ounces and 4.5 billion pounds in proven and probable ore reserves (mill reserves of 965.2 million tonnes grading 0.204% Cu, 0.240 g/t Au and 0.0227% Mo and heap leach reserves of 157.4 million tonnes grading 0.036% Cu and 0.292 g/t Au).

The mineralized hydrothermal system at Hopper is centered on a porphyry-style copper zone that is flanked by stacked skarn horizons. Results from the porphyry zone include 0.52% copper over 45.72 m (trench) and 0.24% copper over 39.62 m (entire length of percussion drill hole) and 0.17% copper over 162.85 m from a 2015 diamond drill hole. Results from stacked, laterally extensive skarn horizons have produced promising drill results including 1.94% copper and 0.87 g/t gold over 18.59 m (true thickness approximately 12 m). Gold-rich skarns deeper in the stratigraphic section have assayed 43.6 g/t gold over 1 m (true thickness) and 12.15 g/t gold over 2.65 m (true thickness) from intersections 360 m apart.

CAVU completed six diamond drill holes at Hopper during summer 2021. Assay results from the 2021 drilling were positive (see CAVU new releases dated October 7, 2021 and October 14, 2021). The best result from a skarn interval averaged 1.405% copper, 0.532 g/t gold and 11.7 g/t silver over 22.28 m in HOP21-DDH-01. The best porphyry target intercept was 0.209% copper and 1.3 g/t silver over 116.18 m, from surface, including 0.244% copper and 1.4 g/t silver over 90.22 m, in HOP21-DDH-06.

CAVU built a new camp on the property in spring 2022 and has reported results from its 2022 diamond drill program, which tested various skarn and porphyry targets (see CAVU news releases dated May 24, July 11, August 2, 2022 and September 6, 2022). CAVU and Alpha has made all cash payments and share issuances that were required to maintain the option. Alpha has advised Strategic that it does not intend conduct additional exploration during 2023.

(f) Alotta Property

Under the terms of a property option agreement dated January 17, 2023, Strategic granted Benjamin Hill Mining Corp. (“Benjamin”) an option to acquire a 60% interest in the Alotta project. Benjamin can exercise the option by: (i) making aggregate cash payments to Strategic of $500,000 by January 17, 2028; and (ii) incurring aggregate exploration expenditures of $11 million on the property by December 31, 2027. Following the exercise of the option, Benjamin and Strategic will form a 60/40 joint venture to further explore and develop the property.

The Alotta property is located in the Whitehorse Mining District, Yukon Territory. It hosts an un-drilled porphyry prospect that is situated in a similar geological setting and in close proximity to Western Copper and Gold’s Casino deposit. The exploration potential at the property is highlighted by a strong, multi-element soil geochemical anomaly coincident with a pronounced geophysical anomaly.

The core of the geochemical anomaly is enriched in copper, gold and molybdenum and measures 4 km by 1 km. The anomaly is surrounded by a distal halo with high lead, zinc and silver values. The Alotta soil geochemical signature exhibits classical features commonly associated with large porphyry deposits.

The coincident geophysical anomaly on the property covers a broad magnetic low that corresponds to a zone featuring high-level dykes, brecciation and pervasive phyllic and potassic alteration. This zone is developed within a large pluton that elsewhere consists of unaltered, magnetite-bearing granodiorite. The magnetic low is the result of sulphide replacement of magnetite within the altered zone.

Soil geochemical surveys conducted by Strategic have outlined a very large, multi-element anomaly that closely coincides with the magnetic low. The anomaly shows classic porphyry-style metal zonation with a 4200 m long by up to 1500 m wide core of strong copper and molybdenum values flanked by high lead, zinc and silver results. High gold-in-soil values, which reach a maximum of 2680 ppb, occur throughout the entire area of grid sampling and likely relate to both the porphyry mineralization and fringing vein systems.

The Alotta project and nearby Casino deposit lie within the unglaciated portion of Yukon, which is characterized by deep weathering. The Casino deposit has been subject to intense leaching of mobile metals, which has resulted in a thick, gold-enriched but copper-depleted, leached cap that sits atop a zone of supergene, copper-enriched sulphides and deeper, hypogene sulphides. Most rocks collected from surface at Alotta contain limonite-coated pits and fractures, and sulphide minerals are rare. No holes have been drilled yet on the property, so the depth of weathering is unknown.

There is almost no outcrop on the Alotta property and most parts are heavily vegetated. Work by the Yukon Geological Survey has shown that residual rocks and soils in similar settings in western Yukon are typically blanketed by a thick but intermittent layer of eluvium and younger volcanic ash. These features, coupled with the deep weathering and localized metal leaching, hamper the effectiveness of prospecting and can dampen analytical values for mobile metals, like copper. Despite these limitations, soil geochemical sampling at Alotta has produced encouraging results and rock sampling has yielded elevated values, especially for gold. The highest values obtained to date from rock samples are 0.44% copper and 8.73 g/t gold.

An IP survey was planned at the Alotta property to determine the depth of weathering and the nature of the alteration and mineralization in the underlying porphyry system, but it was cancelled because a suitable crew was not available. Instead, helicopter-borne magnetic and radiometric surveys were flown and a small soil sampling program was completed. The data from the surveys confirmed regional-scale magnetic patterns and points to potential alteration zoning within the porphyry target.

As of August 25, 2023, Benjamin had advised Strategic that it intends to conduct induced polarization and diamond drilling on the property during the 2023 field season.

(g) Critical Metals Properties

Under the terms of property purchase agreement dated January 9, 2023 and amended May 30, 2023, Strategic sold eleven critical metals properties to with 1337708 B.C. Ltd. ("133 BC"), a private company. 133 BC will acquire a 100% interest in all eleven properties by issuing common shares to Strategic equal to 19.9% of the issued and outstanding common shares at the time 133 BC completes a listing on a recognized Canadian stock exchange and closes a concurrent $1.7 million equity financing. 133 BC is required to complete its listing on or before September 1, 2023.

As additional consideration under the agreement, Strategic will: (i) retain a one percent (1%) net smelter royalty return interest in future commercial production, excluding silver, from any or all of the properties; and (ii) hold the right to participate in any or all of the first three post-listing equity financings carried out by 113 BC, for the purpose of maintaining Strategic's post-listing interest in 133 BC. The royalty interest retained by Strategic is not subject to a buy-back option or similar rights.

The eleven properties subject to this agreement are the Batt, Oli, Bix, Rye, Sayyea, Hidden, Obvious, Boot, Bolt, Four Corners, and Van. Each property is prospective for one or more critical metal, including copper, zinc, tin, tungsten, cobalt, nickel and/or vanadium. All of the properties are owned 100% by Strategic and none is subject to an underlying royalty. Ten of the properties are in Yukon Territory and one is in the Northwest Territories.

As of August 25, 2023, 133 BC had not completed its listing transaction and had not announced its 2023 exploration plans. 133 BC has made a $49,029 cash payment to Strategic to extend the listing completion date to September 1, 2023 and it has the optional right to make another $50,000 cash payment to extend the listing completion date to December 1, 2023.

(3) <u>Properties Acquired from Other Parties</u>

(a) Swede Johnson Property

By agreement dated May 10, 2018 and amended May 28, 2020, an arm's length third party granted Strategic an option to acquire a 100% interest in the Swede Johnson property, 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 upon the completion of reclamation work at an old camp site, by the claim owner;
- 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 covers historical placer creeks and the direct extensions of strong gold in soil geochemical anomalies on Strategic's adjacent Vault property. Strategic completed prospecting and sampling programs on the Swede Johnson property in 2019. No work was carried out on the property in 2020, 2021 or 2022. As of June 1, 2023, reclamation work had not been completed by the claim owner.

TECHNICAL REVIEW

Historical technical information and information related to the exploration programs and results 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.

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.

TESLIN TLINGIT COUNCIL

Strategic and the Teslin Tlingit Council (the "TTC") entered into an access and exploration agreement (the "AEA") dated October 21, 2022. The AEA provides a framework for consultation pertaining to all exploration activities undertaken by Strategic within the TTC traditional territory. Strategic currently holds six projects within the TTC traditional territory.

SUBSEQUENT EVENTS

There have been no material events related to Strategic or its business subsequent to June 30, 2023.

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 25, 2023, there were 110,955,967 common shares issued and outstanding. There are no outstanding Class A or Class B preferred shares.

Stock Options

As of August 25, 2023, the following incentive stock options were outstanding:

Number of Options Outstanding	**Price**	**Expiry Date**
80,000	$0.40	December 12, 2023
2,390,000	$0.49	September 3, 2024
2,800,000	$0.39	June 28, 2026
2,700,000	$0.30	May 10, 2028
7,970,000		

Warrants

As of August 25, 2023, Strategic had no outstanding share purchase warrants.

STRATEGIC METALS LTD.
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E-mail: rdrechsler@strategicmetalsltd.com
Trading Symbol: TSX-V: SMD

CORPORATE INFORMATION

W. Douglas Eaton, North Vancouver, B.C.	President, Chief Executive Officer and Director
Quinn Martin, 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
Ryan E. Schedler, Dallas, Texas	Independent Director
Rachele Gordon, Coquitlam, B.C.	Independent Director

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

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

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

Schedule "A" - List of Projects

DAWSON PROJECT

Sixty Mile Property (YT)

Top Property (YT)

Clint Property (YT)

Magnum Property (YT)

FINLAYSON PROJECT

Four Corners Property (YT)

HDL Property (YT)

HOPKINS PROJECT

Hopper Property (YT)

Moraine Property (YT)

KATHLEEN PROJECT

Rusty Property (YT)

Zap Property (YT)

KLUANE PROJECT

Kluane Property (YT)

Ellias (YT)

Bur Property (YT)

Nikki Property (YT)

Mint Property (YT)

Vault Property (YT)

- Gamble Property

- Glenn Property

- Kelli-Reed Property

LANSING PROJECT

Husky Property (YT)

Leah Property (YT)

Leroy Property (YT)

Liam Property (YT)

Lisa Property (YT)

Lois Property (YT)

Luke Property (YT)

Naws Property (YT)

Lance Property (YT)

LOGAN PROJECT

Timber Property (YT)

Uno Property (YT)

M'CLINTOCK PROJECT

Byng Property (YT)

Hartless Joe Property (YT)

Mars Property (YT)

MIDAS TOUCH PROJECT

Crag East Property (YT)

SELWYN PROJECT

Airstrip Property (YT)

Fog Property (YT)

Triple Crown (YT)

SOUTH CANOL ROAD PROJECT

Hidden Property (YT)

Obvious Property (YT)

STRATEGIC NICKEL PROJECT

Harken Property (YT)

TOMBSTONE PROJECT

Antimony Property (YT)

Sawbuck (Ham) Property (YT)

STAND ALONE PROPERTIES

Meloy Property (YT)

Alotta Property (YT)

Blind Property (YT)

Bob Property (YT)

Boot Property (YT)

Batt Property (YT)

LS Property (YT)

Dabb Property (YT)

Gas Property (YT)

Gator Property (YT)

Green Gulch Property

Harry Property (YT)

Hec Property (YT)

CD Property (YT)

Mount Hinton Property (YT)

Oli Property (YT)

Piper Property (BC)

Saloon Property (YT)

Taffy Property (BC)

Van Property (NWT)

GK Property (BC)

FINLAYSON PROJECT

Arm Property (YT)

Bolt Property (YT)

Coach Property (YT)

Cork Property (YT)

Gam Property (YT)

Hi Property (YT)

Hoole Property (YT)

MC Property (YT)

Crag Property (YT)

Nad Property (YT)

Rod Property (YT)

Smac JV Property (YT)

Staff Property (YT)

NORTH CANOL ROAD PROJECT

Harvest Property (YT)

RANCHERIA SILVER PROJECT

Blue Heaven Property (YT)

Con Property (YT)

Convert Property (YT)

Meister Property (YT)

Pigskin Property (YT)

QB Property (YT)

Ranch Property (BC)

Sayyea Property (YT)

Evoy Property (YT)

Jeff Property (YT)

Lea Property (YT)

Loop Property (YT)

Off (YT)

Reid Property (YT)

String Property (YT)

Wind Property (YT)

Jake Property (YT)

Tidd Property (YT)

OTHER PROJECTS

Flip Property (YT)

Grayling Property (YT)

Rye Property (YT)

Koi Property (YT)

Bix Property (YT)