European Metals Corp.

Management's Discussion and Analysis

For the nine month period ended September 30, 2015

As at November 27th 2015

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This Management Discussion and Analysis ("MD&A") of European Metals Corp. ("EMC" or the "Company") is dated November 27th, 2015, and provides an analysis of the Company's performance and financial condition for the nine month period ended September 30, 2015 as well as an analysis of future prospects. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee, comprised of independent directors. The audit committee reviews this disclosure and recommends its approval by the Board of Directors.

This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 F1– Continuous Disclosure Obligations. This MD&A should be read in conjunction with our audited financial statements and related notes for the year ended December 31, 2014, prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars unless stated otherwise. The financial statements and additional information, including the Company's Certifications of Annual and Interim Filings and press releases, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below under "Risk Factors". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Overall Performance

Principal Business and Corporate History

European Metals Corp. (the "Company") (formerly Gondwana Oil Corp.), was the company formed as a result of the reverse takeover between Gondwana Energy Corp. ("GEC"). GEC was incorporated on September 6, 2013 in Ontario and Mantis Mineral Corp. ("Mantis") was incorporated on May 30, 1997 in Ontario. EMC is carrying on the business of the acquisition and exploration of properties for mining of precious and base metals. EMC has not earned any revenue to date from its mining operations and is therefore considered to be in the exploration ("exploration") stage.

The financial statements, references to notes and discussion presented within this report make reference to the unaudited interim consolidated financial statements for the period ended September 30, 2015 together with the audited consolidated year ended financial statements at December 31, 2014 of European Metals Corp. and its wholly-owned subsidiaries: Mantis Explorations Inc., Mantis Explorations Ltd., Avenue Bancorp Ltd., University Avenue Management Ltd. In addition, the Company owned a 70% interest in Miura Petroleum Limited. In September 2015, the Company disposed of its common shares to the non-controlling interest in Miura for no consideration. The disposition resulted in a deconsolidation of Miura resulting in the equity in the non-controlling interest being transferred to the parent. On consolidation, all intercompany transactions and balances have been eliminated.

The interim consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, as described in the following paragraphs.

The Company is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage of exploration. These risks include, but are not limited to, dependence on key individuals, successful exploration results and the ability to secure adequate financing to meet the minimum capital required to successfully advance the projects and continue as a going concern.

On November 6, 2014 the Company announced that Articles of Amendment under the Business Corporations Act were issued to reflect the Change of Name of the Company from "Gondwana Oil Corp." to "European Metals Corp." effective on September 18, 2014.

The name of the Company was changed to better reflect the ongoing operations of the Company, in particular, because of an option to acquire an 80% interest in the Berehaven Copper Mines located in the Allihies Mining District, County Cork, Ireland, for consideration of 300 million shares at a deemed price of $0.05 per common share in the Company and work commitments of $250,000 on or before December 31, 2015 and $2,000,000 on or before March 31, 2016.

The address of the head office is at 131 Bloor Street West, Suite 202, Toronto, Ontario. M5S 3L7.

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The Company has incurred losses in previous years, with a current net loss of $208,108 for the nine month period ended September 30, 2015 (September 30, 2014 - $15,111,967) and has an accumulated deficit of $833,627 (December 31, 2014 – $625,069). In addition, the Company had a working capital deficit of $836,347 at September 30, 2015 (December 31, 2014–$628,886).

The consolidated financial statements attached do not reflect the adjustments that would be necessary if the going concern assumptions were not appropriate. If the going concern basis was not appropriate, then adjustments would be necessary to the carrying value of the assets, the reported revenues and expenses, and the statement of financial position classifications used.

Due to continuing operating losses and a working capital deficit, the Company's ability to continue as a going concern is dependent on its ability to obtain additional sources of financing to successfully explore, evaluate and develop mineral projects and ultimately, to achieve profitable operations. The success of these endeavours cannot be predicted at this time. The financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

These interim consolidated financial statements of the Company for the three and nine month periods ended September 30, 2015 were authorized for issuance by the board of Directors of the Company on November 27th, 2015.

This discussion contains forward-looking statements that involve risks and uncertainties. Exploration expenditures are deferred and included on the balance sheet unless the value is impaired or the projects are abandoned which results in such expenditures being written off.

Future Outlook

European Metals Corp. acquired an option to acquire an 80% interest in the Berehaven Copper Mines located in the Allihies Mining District, County Cork, Ireland. The Company is in the exploration stage and is engaged principally in the acquisition and exploration of mineral properties in Ireland and Ontario. These Ontario properties arise from the previous properties which the Company had acquired in prior years and in which an interest has been maintained although these properties have been written off in the financial statements.

The Company's major mineral property is now the Berehaven Copper Property Option (see Note 8(3) on the consolidated December 31, 2014 financial statements). Unless the Company acquires or develops additional mineral properties, the Company will be mainly dependent upon this project. If no additional major mineral exploration properties are acquired by the Company, any adverse development affecting this project would have a material adverse effect on the Company's financial condition and results of operations. The Company is maintaining the key projects from those mineral exploration projects in good standing.

Financial Overview

The Company does not earn any significant revenue from consolidated operations.

Results of Operations

Projects Overview

The mineral property acquisition costs and direct exploration expenditures are capitalized as incurred. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related costs and expenditures are written down.

	Berehaven Property
Acquisition costs (i)	15,000,000
Exploration costs	
Amortization	703
Geosciences	(703)
Total	15,000,000
Deduct: Impairment of exploration and evaluation assets	(15,004,520)
Balance, September 30, 2015 and December 31, 2014	-

(i) The property was acquired on a non-cash basis through the issuance of 300,000,000 common shares of the Company at $0.05 per share.

(1) Berehaven Copper Property

On August 1, 2014 the Company entered into a letter of intent to enter into an option agreement to acquire an 80% interest in the historically producing Berehaven Copper Mines located in the Allihies mining district, County Cork, Ireland. Pursuant to the letter of intent, the Company was to acquire the interest from Westcork Copper Mining Company, Limited ("Westcork").

Completion of acquisition

On September 9, 2014 the Company completed its acquisition of the above option agreement for an 80% interest in the Berehaven Copper Mines, for the consideration of 300 million shares at a deemed price of $0.05 per common share in the Company (issued on October 1, 2014) being $15,000,000, and work commitments of $250,000 on or before February 1, 2015, in March 2015, the Company received an extension to December 31, 2015, and $2,000,000 on or before March 31, 2016.

The Mines

Westcork successfully consolidated the entire district including 5 historic mines - the Mountain, Dooneen, Kealogue, Caminches, and Coom Mines. ("the Mines"), Westcork holds 65.25 sq km under its permits. Historical figures of estimates of mined material from these mines range from 962,000 tonnes to 1,219,000 tonnes with grades ranging from 2.3% to3.0%. The average historical copper grade for the ore zone at the Caminches Mine, which varied in average width from 2.4 to 4.0-meters, was reported to be 10% along a 174-meter vertical section, (Mathews 1964). Between 1813 and 1913, published figures indicate that 290,170 tonnes of concentrate were produced from the Allihies Mines, yielding 28,615 tonnes of copper metal. (1 metric tonne = 2,204.6 lbs). Cautionary note: a qualified person has not been able to independently verify the above information and that the information is not necessarily indicative of the mineralization on the properties. The information was sourced from public archives residing with the Department Of Communications, Energy and Natural Resources, Ireland.

A 2011 technical report prepared for Westcork Copper Mining Company, Limited, which is being updated to comply with National instrument 43-101 standards of disclosure for mineral projects, concludes that;

"The Allihies District and the immediate mine environments of the area are very much underexplored. On a local scale, old Mine environments offer excellent exploration targets, for down dip extensions of known zones and for potential subparallel Zones. The Mountain, Caminches and Kealogue Mines present such potentials, and being located within a 900- meter radius of each other having the advantage of being developed by a central infrastructure. On a regional scale, the favourable geological setting of the Allihies District warrants regional contemporary geological and geophysical assessment."Gold mineralization can be associated with vein copper deposits, contributing significantly to total recoverable metal. At Allihies, the gold concentration of the vein systems has never been thoroughly determined."

Recent work

Over two years, 2013 and 2014, Westcork performed various work including a ground magnetometer survey between the Mountain Mine and Coom Mine, and between the Caminches and Kealogue Mines. In addition, Westcork undertook a structural lineament, satellite imagery study, and conducted a VLF survey between the Caminches and Kealogue Mines, as well as VLF surveys over the Mountain Mine, and other select areas. This work generated targets which the Company intends to further explore. Ireland is one of the few countries in the European Union where significant mineral exploration work is currently being undertaken.

The Company recorded an impairment of $15,004,520 to the value of its Berehaven property for the year ended December 31, 2014. This impairment was based on identified indicators of impairment that resulted from a downturn in the junior mining exploration sector, in particular, unfavourable changes in the property or project economics, inability to raise financing necessary to continue exploration or development of the property and significant decreases in the current or expected future prices of mineral resources. A further significant factor was the curtailment of exploration activities for an indefinite period due to lack of finances.

(2) Other Projects

The Company continues to monitor its projects that were acquired in prior years and for which a full impairment charge has been provided for in prior years:

(i) The East Lingman Lake Gold Property

On October 25, 2012, European Metals Corp. (Formerly as Mantis Mineral Corp.)("EMC") announced that it had entered into an option agreement (the "agreement") to acquire a 100% registered undivided interest in the East Lingman Lake gold property consisting of twelve (12) staked claims, totalling 538.3-hectares and located in the Kenora district, province of Ontario, approximately 325-kilometers north of the Town of Red Lake. The twelve (12) staked claims surround the Lingman Lake gold property.

Option agreement

The Agreement provides that EMC may acquire a 100% registered undivided interest in the East Lingman Lake Gold Property subject to a 3% Net Smelter Royalty, by making an initial payment of 1,000,000 common shares (issued) within 10 days of the signing of the Agreement, and further paying an aggregate of $800,000 in cash, or equivalent value in common shares of EMC over four years. Any common shares issued by EMC under the terms of the Agreement are to be priced at $ 0.05, subject to regulatory approval and a four month regulatory hold period from date of issue. In November 2013, the Company entered into an option agreement to grant an option to acquire a 100% registered undivided interest in the East Lingman Lake to Signature Resources Ltd. (SGU: TSX-V) ("Signature"). In order to acquire the option currently held by the Company, Signature agreed to pay $127,500 or the number of common shares in the capital of SGU equal to $127,500, each such common share at an attributed value of $0.085 or such value allowable under the TSXV Exchange policies on or before June 30, 2014.The original agreement stated that the payment would be made on June 30, 2014, the Company has agreed to an extension for the receipt of these shares to December 31, 2015.

The Company has recorded an impairment of $257,300 in prior years.

(ii) Orphan Gold Mine Property

The Company acquired in 2007, 100% interest in the mineral rights in the former Orphan Gold mine. In November 2007, the Company acquired the surface rights for the property, additionally; the Company increased its land holdings at the Orphan mine project by staking five contiguous claims totalling 1,280-hectares, located 3,000-meters north east of EMC's Orphan mine.

On September 30, 2014 an agreement to sell this property to an arm's length third party was completed. The sale price consisted of the following:

(i) on closing, 983,500 common shares in Signature Resources Ltd. with a value of $0.015 per share (received) for a total value of $14,753. An impairment to the value of the project of $1,780,890 had been recorded in prior years; the $14,753 received has been recorded as a recovery against these expenses.

(ii) on or before eighteen months (18) months following the closing date, at the purchaser's sole election:

(a) the transfer of an aggregate of a further one million (1,000,000) common shares of Signature Resources ltd.
(b) cash payment of fifty thousand dollars ($50,000).

(iii) Cree Lake Property

On October 4, 2012 the Company entered into an arm's length binding letter of intent with Elcora Resources Corp. ("Elcora") for the right to acquire a 51% undivided interest in the 100% owned Cree Lake Gold Property located in Swayze Township, Ontario, consisting of 18 mining claims covering approximately 3904 hectares, which claims are subject to a 1.5% net smelter return royalty ("NSR") on mining claim numbers 4203295, 4203275, 4203296, 4209811.

Under the terms of the Letter of Intent, Elcora had the exclusive right to earn up to a 51% undivided interest in the Cree Lake Claims by making cash payments, issuing common shares of Elcora and conducting work programs on the Cree Lake Claims. Elcora may earn a 51% interest in the Cree Lake Claims by making cash payments totaling $50,000, issuing 3,000,000 common shares and completing work programs on the Cree Lake Claims with a total value of a minimum of $1,000,000 over a four year period.

Date	Common Shares	Work commitment/Expenditures
Within 10 days of the closing date	300,000	$ 25,000 cash payment to Mantis
On or before December 31,2013	400,000	$200,000 exploration expenditures and $25,000 cash payment to Mantis
On or before December 31,2014	600,000	$250,000 exploration expenditures
On or before December 31,2015	700,000	$250,000 exploration expenditures
On or before December 31,2016	1,000,000	$300,000 exploration expenditures

In March 2013, 300,000 shares of Elcora and $25,000 in cash were received pursuant to the agreement.

The original agreement stated that the payment of 600,000 shares of Elcora would be made on December 31, 2014, these shares were not issued and in January 2015, Elcora notified the Company that it would be terminating the option.

The Company still maintains the option on the above property and will perform the required work on the property to maintain the option in good standing, and will review this position in the coming year. Elcora did not earn a 51% interest in the Creek Lake claims.

The original agreement stated that the payment of 600,000 shares of Elcora would be made on December 31, 2014, since the option was terminated, no payment was received.

On June 19, 2015 an agreement to sell this property to an arm's length third party was completed. The sale price consisted of the following: on closing, 300,000 common shares in Signature Resources Ltd. with a value of $0.02 per share (received) for a total value of $6,000. An impairment to the value of the project of $804,171 had been recorded in prior years; the $6,000 received has been recorded as a recovery against these expenses.

Selected Annual Information

	December 31 2014	December 31 2013
	$	$
Total revenues		
Net Income(Loss) and comprehensive income(loss) before income taxes		
Total	(16,834,991)	(3,241,740)
Per share basis	(0.014)	(0.018)
Net Income(Loss) and comprehensive income(loss)		
Total	(16,834,991)	(3,241,740)
Per share basis	(0.014)	(0.02)
Diluted - per share basis (i)		-
Total assets	87,553	570,587
Total long term financial liabilities	-	-

(i) Fully diluted loss per common share has not been provided as the effect would be anti–dilutive.

Summary of quarterly results

Quarterly variances occur mainly due to seasonal factors, administrative costs and fees related to new property acquisitions, business partnerships and combinations and levels of exploration activities.

The information presented below highlights the Company's unaudited quarterly results for the past eight quarters. The financial information referenced below has been prepared in accordance with IFRS.

Quarter ended	Net Earnings(Loss) and Comprehensive Earnings (Loss)				Total assets	Working Capital(Deficiency)
	Total	Write down and impairment of evaluation and exploration assets	Income(Loss) before income taxes and write down of exploration and evaluation assets	Per Share (i)		
	$	$	$	$	$	$
Sept 30,2015	(39,689)	-	(39,689)	(0.00003)	20,552	(836,347)
June 30,2015	(52,848)	-	(52,848)	(0.0004)	78,931	(816,926)
March 31,2015	(115,571)	-	(115,571)	(0.0001)	49,651	(744,323)
Dec 31,2014	(1,714,419)	1,504,520	(209,899)	(0.001)	87,553	(628,886)
Sept 30,2014	(13,617,612)	13,500,000	(117,612)	(0.012)	1,540,778	(577,594)
June 30,2014	(132,217)	-	(132,217)	(0.000)	90,768	(476,019)
March 31,2014	(1,370,743)	-	(1,370,743)	(0.001)	130,722	(347,242)
September 6 to Dec 31,2013	(974,654)	-	(974,654)	(0.005)	2,167,297	528,537

(i) On a non-diluted basis

Factors Affecting Quarterly Results:

The Company has no revenue. As a result of its activities, the Company continues to incur net losses. The Company had cash flow resulting from the sales of marketable securities.

There is no comparison between the results for the first nine months in 2014 and the first nine months in 2015. 2014 reported the transactions resulting from the Reverse Takeover Transaction ("RTO") that took place in February 2014.

The costs incurred in that period were extraordinary to the normal operations of the Company.

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	$	$	$	$
Consulting fees	31,850	5,110	156,882	778,585
Insurance	(14,782)	134	3,929	18,845
Exploration and evaluation expenses	-	13,500,000	-	13,500,000
General and office administration	7,693	7,171	19,701	70,990
Legal and audit	6,250	11,300	18,750	142,943
Fees	1,500	1,705	7,171	20,406
Shareholder communications	7,154	55,570	10,498	62,249
Amortization	24	182	403	542
Investor relations	-	45,072	-	425,014
Management	-	-	-	37,289
Total Expenses	39,689	13,626,244	217,334	15,056,863

(a) In the prior period insurance costs of $18,711 were recorded for the Directors and Officers Liability policy. This policy was cancelled in July 2015 due to non-payment and as a result an amount of $14,782 was recorded as recovered.

(b) During the nine month period ended September 30, 2015, the following were recorded:

(i) Consulting fees of $23,000; these fees were paid to consultants in 2014 and recorded as a prepayment in 2014. They were expensed in this nine month period.

(ii) Consulting fees accrued but not paid of $105,000; $90,000 to an arm's length consultant and $15,000 to the prior CEO of the Company to complete a contract that expired on March 31, 2015.

(iii) Consulting fees paid to the current CEO/CFO of $30,000.

(c) All other costs have been reduced to a bare minimum while retaining the costs associated with the parallel need to manage a compliant public company and the maintenance of its assets in good standing. The office premises for the Company have been downsized, administration costs for telephone, investor relations and as many other costs as possible have been reduced to their absolute minimum in the first nine months of 2015 and going forward.

Course of Business Transactions

Related party transactions and key management compensation

Key management personnel include executive officers and non-executive directors. At this time executive officers are not paid a salary but participate in the Company's stock option program. The executive officers include the Chief Executive Officer, and the Chief Financial Officer. As of September 30, 2015, the Company owes no money to executives of the Company for unpaid salaries and wages. A significant amount of the work required by the Company is undertaken on a contract basis by unrelated highly qualified companies and individuals.

(a) The Company incurred the following related party transactions during the period ended September 30, 2015:

(a) Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

(i) A consulting contract with the former Chief Executive Officer ("CEO") engaged from the date of amalgamation for $5,000 per month payable in cash or in equal value of common shares, for one year from March 14, 2014, subject to a four month regulatory hold and regulatory approval. Although the CEO resigned on August 1, 2014, the contract remained in effect until its completion in March 2015.

(ii) A consulting contract with the current Chairman and CEO/CFO for services for $5,000 per month payable in cash or in equal value of common shares, subject to a four month regulatory hold and regulatory approval. The term of the contract is automatically renewed on an annual basis subject to the approval of the Board of Directors.

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

	Nine month period ended 30-Sep-15
	$
Consulting fees (i)	30,000
Consulting fees (ii)	15,000

(i) Current Chairman and Chief Executive Officer /Chief Financial Officer
(ii) Former Chief Executive Officer- resigned August 1, 2014, contract completed March 31, 2015.

Outstanding Share Data

Share Capital

	Note	Number of shares	Amount
		#	$
Balance, January 1, 2014		**111,564,115**	**29,502,521**
Elimination of share capital of Mantis Mineral Corp. on RTO		-	(29,502,521)
Shares issued to effect RTO	(i)	900,972,201	3,504,861
Less: amounts attributable to warrants			(1,065,621)
Shares issue costs attributable to the shares issued to effect the RTO		-	(165,758)
Issued on exercise of options - Cash	(ii)	46,000,000	230,000
- Black Scholes Value			4,728
Issued on exercise of compensation options - Cash	(iii)	5,036,000	25,180
- Black Scholes Value			(17,304)
Issued on conversion of debt	(iv)	29,190,248	150,185
Shares to be issued	(v)	10,000,000	50,000
Evaluation and exploration expenditures	(vi)	300,000,000	15,000,000
Balance, September 30, 2015 and December 31, 2014		**1,402,762,564**	**17,716,271**

(i) Private Placement

Gondwana issued 700,972,200 Special Warrants at $0.005 per Special Warrant to raise aggregate gross proceeds of $3,504,861. Each Special Warrant is exercisable, for no additional consideration, to acquire one Gondwana Unit, consisting of one Gondwana Share and one Gondwana warrant exercisable at $0.05 for a period of five years from the closing date of the Private Placement into one Gondwana Share.
The warrants are valued using the Black-Scholes option pricing model with the following assumptions: Term - 5 years; Volatility – 138%; Interest rate – 1.63%; Dividend yield - Nil

Eligible registrants received a cash commission up to 7% of the gross proceeds they raised in connection with the Private Placement as well as Compensation Options entitling them to acquire such number of units as is up to 7% of the aggregate number of Special Warrants they sold in the Private Placement. Each such Compensation Option entitles the holder to acquire one Gondwana Unit at a price of 0.005 for a period of five years. The Gondwana Unit consists of one common share and one warrant, the warrant is exercisable at $0.05 for a period of five years from the closing date of the Private Placement. The Compensation Option warrants will be valued when they are exercised.

The share issue costs were comprised of cash commissions - $112,127 and other costs - $53,631.

(ii) In November 2013, 45,000,000 options were exercised at $0.005 for total proceeds of $225,000. On March 10, 2014, 1,000,000 options were exercised at $0.005 per common share for total proceeds of $5,000.

(iii) On March 20, 2014 - 3,300,000 compensation units for $16,500 and on March 26, 2014 – 686,000 compensation units were exercised at $0.005 per unit for $3,430, with the issuance of 3,986,000 common shares. On April 4, 2014 1,050,000 compensation units were exercised at $0.005 per unit for $5,250.

(iv) In 2014, debts owing to two arms length creditors were settled by an amount of $150,185 by the issuance of 29,190,248 common shares.

(v) In 2014, $50,000 was received for 10,000,000 shares to be issued.

(vi) On September 9, 2014 the Company completed its acquisition of the above option agreement for an 80% interest in the Berehaven Copper Mines, for the consideration of 300 million shares at a price of $0.05 per common share in the Company and work commitments of $250,000 on or before February 1, 2015 and $2,000,000 on or before March 31, 2016. The shares were issued October 1, 2014.

Stock options

European Metals Options may be granted under the European Metals Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the European Metals shares may be listed or may trade from time to time. The number of European Metals shares reserved for issue to any one person pursuant to the European Metals Plan within any one year period may not exceed 5% of the issued and outstanding European Metals Shares. The maximum number of European Metals shares which may be reserved for issuance to insiders under the European Metals Plan, any other employee stock option plans or options for services, shall be 10% of the total number of European Metals shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of European Metals options which may be granted to any one consultant under the European Metals Plan, any other employee stock options plans or options for services, within any 12 month period, must not exceed 2% of the total number of European Metals shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of European Metals options which may be granted to investor relations persons under the European Metals Plan, any other employee stock options plans or options for services, within any 12 month period must not exceed, in the aggregate, 2% of the total number of European Metals shares issued and outstanding at the time of the grant (on a non-diluted basis). The exercise price of European Metals options issued under the European Metals Plan may not be less than the fair market value of the European Metals shares at the time the option is granted, subject to any discounts permitted by applicable legislative and regulatory requirements. The Company applies the fair value method of accounting for all stock-based compensation awards.

The following table summarizes information about stock options outstanding and exercisable at September 30, 2015 and December 31, 2014:

As at December 31,2014 and September 30, 2015

	Number of options outstanding	Weighted Average Exercise Price	Fair Value of Options
	#	$	$
Stock options assumed on RTO	112,500,000	0.005	532,000
Stock options assumed on RTO	2,450,000	0.05	83,049
Exercised during the 2014 year (i)	(46,000,000)	0.005	(217,529)
Expired during the 2014 year (ii)	(2,350,000)	(0.05)	(79,659)
Balance at end of period	66,600,000	0.005	317,861

(i) 46,000,000 stock options were exercised during the 2014 year for $0.005 per option.

(ii) 2,350,000 stock options from the RTO expired during the year ended December 31, 2014.

The number of common shares issuable under options and the average option prices per share, are as follows:

Weighted Average Remaining Contractual Life	Fair Value of Options	Number of options and exercisable options	Exercise price	Expiry Date
Years	$	#	$	
0.01	3,390	100,000	0.05	October 4,2015
3.63	314,471	66,500,000	0.005	November 18,2018
1.82	317,861	66,600,000	0.005	

The options are valued using the Black-Scholes option pricing model with the following assumptions:

Term - 5 years; Volatility – 138%; Interest rate – 1.63%; Dividend yield- Nil

Warrants

The following tables summarize information about warrants outstanding at September 30, 2015:

`	Number of Warrants	Weighted Average Exercise Price
	30-Sep	30-Sep
	2015	2015
	#	$
Outstanding,beginning of period	704,958,200	0.05
Granted during period	-	-
Cancelled or expired during period	-	-
Outstanding,end of period	704,958,200	0.05

Expiry date	Exercise price	Number of warrants outstanding and exercisable	Black Scholes value
	$	#	$
February-19	0.05	700,972,200	1,065,621
March-19	0.05	3,986,000	13,704
Apr-19	0.05	1,050,000	3,600
Balance, September 30, 2015		704,958,200	1,082,925

(i) In 2014, warrants were issued on the conversion of the Special Warrants into the common shares of European Metals Corp amounting to 700,972,200 warrants.

(ii) On March 20, 2014 - 3,300,000 compensation units and on March 26, 2014 - 686,000 compensation units were exercised at $0.005 per unit which resulted in the issuance of 3,986,000 warrants.

(iii) Compensation Options were issued on the completion of funds raised for the completion of the RTO of 48,342,854. The total number warrants included in the issuance of these Compensation Options amounted to 48,342,854. These warrants are exercisable for $0.05 up to February 24, 2019. On April 4, 2014 1,050,000 compensation units were exercised at $0.005 per unit for $5,250.

The Compensation Option warrants will be valued when they are exercised.

No warrants were exercised in this period.

The warrants are valued using the Black-Scholes option pricing model with the following assumptions:

Term - 5 years; Volatility – 138%; Interest rate – 1.63%; Dividend yield- Nil

OFF-BALANCE SHEET ARRANGEMENTS

None are applicable at this time, however with mineral exploration, obligations for environmental, First Nation compliance and health and safety issues can create non reportable concerns. The Company hopes to minimize such situations by maintaining adequate insurance coverage, establishing honest and open communications and operating in a safe and responsible manner compliant with current standards as per the most recent applicable acts and regulations.

ENVIRONMENTAL LIABILITIES

The Company is not aware of any environmental liabilities, obligations or responsibilities associated with the Company's mining interests.

CRITICAL ESTIMATES

Significant assumptions about the future and other sources of estimation uncertainty that management has made during the reporting period could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. These critical estimates relate to, but are not limited to, the following:

i. <u>Exploration and evaluation expenditures</u>

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after costs are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

ii. <u>Income taxes and recoverability of potential deferred tax assets</u>

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

iii. <u>Estimation of restoration, rehabilitation and environmental obligation</u>

Restoration, rehabilitation and environmental liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration, rehabilitation and environmental liabilities that may occur upon ceasing exploration and evaluation activities. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

iv. <u>Share-based payments</u>

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The Company has a stock option plan ("the Plan") under which options to purchase common shares may be granted to officers, directors, employees and non-employees of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years. The exercise price of any option granted under the Plan may not be less than fair market value (e.g., the prevailing market price) of the common shares at the time the option is granted, less any permitted discount. All options are non-transferable. The options are subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be a director, officer, or consultant of the Company, or upon the retirement, permanent disability or death of an optionee. All issued options are vested at the date they are granted. The fair value of the options has been estimated using the Black-Scholes pricing option model. The assumptions used for the valuation of the respective options were:

Term - 5 years; Volatility – 138%; Interest rate – 1.63%; Dividend yield - Nil)

CRITICAL ESTIMATES (continued)

In addition to the above, the Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

v. Credit Risk

The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash consist of deposits with a reputable financial institution, from which management believes the risk of loss to be minimal.

vi. Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company is not exposed to significant interest rate risk.

vii. Foreign Exchange Risk

The Company's functional and reporting currency is the Canadian dollar and purchases are transacted in Canadian. The Company has a Canadian dollar bank account.

viii. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

ACCOUNTING POLICIES

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The policies applied in the unaudited interim financial statements are based on IFRSs issued and outstanding as of November 27, 2015, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Corporation's annual financial statements for the year ending December 31, 2014 could result in restatement of the audited financial statements. The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency. The financial statements are approved and authorized for issuance by the Board of Directors.

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. There are no judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years.

The unaudited condensed interim financial statements for the period ended September 30, 2015 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The following accounting standards have been released but have not yet been adopted by the Company.

IFRS 9- Financial Instruments ("IFRS9")

In November 2009, the IASB issued and subsequently revised in October 2010, IFRS 9 as a first phase in its ongoing project to replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS39"). IFRS 9 which is to be applied retrospectively, will be effective as of January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's financial statements.

IFRS11-Joint Arrangements ("IFRS11")

IFRS 11 was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IAS1-Presentation of Financial Statements ("IAS1")

IAS 1 was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company does not have any derivative financial instruments.

Regarding non-derivative financial assets, the Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has the legal right to offset amounts and intends to either settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if:

(i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or

(ii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company classifies cash as fair value through profit or loss.

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. Available-for-sale financial assets are comprised of marketable securities. The Company does not have any assets classified as available-for-sale.

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortized cost using the effective interest method, less any impairment losses. Deposit and prepaids are classified as receivables.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS (continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

· significant financial difficulty of the issuer or counterparty; or

· default or delinquency in interest or principal payments; or

· it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

RISKS AND UNCERTAINTIES

The Company is in the business of acquiring and exploring natural resource properties in Canada. Due to the nature of the Company's proposed business and the present stage of exploration of its resource properties, which are at very early stages, the following risk factors, amongst others, will apply:

Exploration Stage Company

The Company does not hold any known mineral reserves of any kind and does not generate any revenues from production. The Company's success will depend largely upon its ability to locate commercially productive mineral reserves. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.

Success in establishing reserves is a result of a number of factors, including the quality of management, the level of geological and technical expertise, and the quality of property available for exploration. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change.

RISKS AND UNCERTAINTIES (continued)

Substantial expenditures are required to establish proven and probable reserves through drilling and bulk sampling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that any future exploration programs will result in the establishment or expansion of resources or reserves.

Exploration and Development Risks

The business of exploring for minerals and mining involves a high degree of risk. There is no assurance the Company's mineral exploration activities will be successful. Few properties that are explored are ultimately developed into producing mines. In exploring and developing any future mineral deposits the Company will be subjected to an array of complex economic factors and technical considerations. Delays in obtaining governmental approvals, inability to obtain financing or other factors could cause delays in exploring and developing properties. Such delays could materially adversely affect the financial performance of the Company. Unusual or unexpected formations, formation pressures, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, environmental hazards, the discharge of toxic chemicals and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has limited experience in the development and operation of mines and in the construction of facilities required to bring mines into production. The Company has relied and may continue to rely upon consultants and others for operating expertise. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Financing

The Company's objective is to ensure that there are sufficient committed financial resources to meet its short-term business requirements for a minimum of twelve months. Currently, the Company does not have sufficient funds on hand to continue operating for the next twelve months as they have previously been and will need to obtain additional financing. The Company has no formal credit facilities at this time and given the Company's current stage of development, it is not expected that such credit facilities would be available to the Company.

Future exploration, development, mining, and processing of minerals from any of the Company's future properties will require substantial additional financing. The only current sources of funds available to the Company are the sale of additional equity capital, which if available, may result in substantial dilution to existing shareholders. There is no assurance that such funding will be available to the Company, or that it will be obtained on terms favourable to the Company. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development, or production on any or all of the Company's properties, or even a loss of property interests.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Management believes the Company's overall liquidity risk has increased from the prior year due to the current global credit crisis and lack of financing available in the equity markets.

Difficulties in Raising Development Capital

Recent market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the deterioration of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its capital requirements to pursue the acquisition and exploration of any significant mineral projects or to secure its share of development financing following a decision to place any of its current or future mineral properties into production (whether on its own or on a joint venture basis).

Share Price Volatility

Worldwide securities markets, particularly those in North America, have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities.

RISKS AND UNCERTAINTIES (continued)

In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all.

Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Permits and Licenses

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delay or failure to obtain such licenses and permits or failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Acquisition of Mineral Concessions under Agreements

In the junior natural resource industry, it is typical for companies to enter into option agreements which allow the optionee to acquire the property over time while performing initial exploration activities. If the Company continues to enter into these types of agreements, the Company may have to make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the properties or contribute its share of ongoing expenditures. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such properties.

There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

Environmental and Other Regulatory Requirements

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory approval and there is no assurance that such approvals will be obtained. Although the Company believes its mineral and exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Uninsured Risks

The Company may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration and mining activities. In particular, the Company is not insured for environmental liability or earthquake damage.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of base metals, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company currently does not maintain liability insurance against such liabilities. Although the Company currently intends to obtain insurance when it commences operations of reasonable significance, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a materially adverse effect upon its financial condition.

RISKS AND UNCERTAINTIES (continued)

Title Matters

Often, the mining claims in which the Company could acquire an interest in have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims would not be converted to lease and tenure, and are, accordingly, subject to annual compliance with assessment work requirement. Other parties may dispute the Company's title to its mining properties. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing; this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements, first nation's land claim or transfers of land claims and titles which may be affected by undetected defects.

Conflicts of Interest

Certain of the Company's directors and officers serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment.

Under the laws of the Province of Ontario, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Fluctuation of Metal Prices

The market price of precious metals and other minerals is volatile and cannot be controlled. If the price of precious metals and other minerals should drop significantly, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of ore are discovered, a profitable market may exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Mineral prices have fluctuated widely, particularly in recent years. The marketability of minerals is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of minerals, the effect of which cannot be accurately predicted.

Additional information is available on SEDAR at www.sedar.com.