European Metals Corp.

Management's Discussion and Analysis

For the three months ended March 31, 2017

At December 5, 2017

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This Management Discussion and Analysis ("MD&A") of European Metals Corp. ("EMC" or the "Company" or "Gondwana") is dated December 5th, 2017, and provides an analysis of the Company's performance and financial condition for the three month period ended March 31, 2017 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 years ended December 31, 2016, 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

a) History of the entity

Reverse takeover transaction ("RTO")

On December 23, 2013 Mantis Mineral Corp. ("Mantis") and Gondwana Energy Corp. ("Gondwana Energy") entered into an agreement for a business combination for the two companies. On January 31, 2014, all the required approvals had been received and the reverse takeover transaction became effective on February 24, 2014 (date of filings for the required documentation). As the former shareholders of Gondwana Energy controlled more than 50% of the Company, the acquisition constituted a reverse takeover transaction. The transaction has been accounted for under IFRS 3, Business Combinations, as a reverse acquisition where the Company is the legal acquirer and the accounting acquiree. As a result of the reverse acquisition, the consolidated financial statements represent the continuation of the financial statements of Gondwana Energy, except for its capital structure. As part of the transaction all of the common shares outstanding for the two companies were exchanged to form Gondwana Oil Corp. ("Gondwana Oil"). Under the terms of the agreement, each Gondwana Energy and Mantis common share was exchanged for one common share of Gondwana Oil. On amalgamation, the existing shareholders of Mantis received 140,754,363 common shares and Gondwana Energy received 900,972,201 common shares. In addition, the existing 2,450,000 stock options for Mantis and the 112,500,000 stock options for Gondwana Energy were exchanged for the equivalent amount of stock options of Gondwana Oil having the same terms and conditions.

The identified assets and liabilities below are a result of management's best estimates and assumptions after taking into account all relevant information available. All financial assets acquired and financial liabilities assumed were recorded at fair value in the table below.

Subsequent to the reverse takeover, the company changed its name from Mantis Mineral Corp. ("Mantis") to Gondwana Oil Corp. (CSE: GO). On September 18, 2014, the company changed its name from Gondwana Oil Corp. to European Metals Corp.("EMC") and commenced to trade under this name on November 7, 2014 with the symbol "CSE:ECU".

The assets and liabilities of Mantis acquired in the RTO, at estimated fair values, were as follows:

Cash and cash equivalents	$ 55,981
Marketable securities	$ 66,550
Other assets	$ 24,980
Accounts payable and other liabilities	$ (775,742)
Net liability assumed	**$ (628,231)**

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 public trading in the shares of the Company was halted on May 5, 2016 due to the inability of the Company to file the year ended December 31 2015 financial statements and MD & A for 2015 by the required regulatory deadline. Funds were not available at the required time to complete the filings. Funds became available in November 2016 and thus enabling the Company to complete it statutory filing requirements by the end of November 2016. The public trading in the shares continues to be halted because of the late filing of the year ended December 31, 2016 and MD & A for 2016, additionally the interim financial statements for the first three quarters of 2017 are also in arrears, at the date of this MD & A, as required by the required regulatory deadline. Once all of these filings are updated trading will resume.

The financial statements, references to notes and discussion presented within this report make reference to the audited consolidated financial statements for the year ended December 31, 2016 of European Metals Corp. and its wholly-owned subsidiaries: Mantis Explorations Inc., Mantis Explorations Ltd., Avenue Bancorp Ltd., and University Avenue Management Ltd. 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.

The address of the head office is at 131 Bloor Street West, Suite 802, Toronto, Ontario, M5S 1S3.

These interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2017 the Company has not generated any revenues from operations. The Company has incurred a net loss of $12,333 for the three months ended March 31, 2017 (March 31, 2016 - $7,397), and a working capital deficit of $828,482 (December 31, 2016 - $816,217) and an accumulated deficit of $827,405 (December 31, 2016 $815,072). The Company's operations have been primarily funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. The Company will continue to require additional funding to maintain its ongoing levels of operations and administration, retire its indebtedness as they come due, and meet any property maintenance payments for the next fiscal year. The current funds available to the company are not sufficient to explore the existing projects and to complete the development of its projects. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

The Company received revenue in 2016 from the sales of its investments. Further funds will be received during 2017 from an arm's length source in order to finance the completion of the 2016 year end and 2017 quarterly financial statements and bring the Company up to date with regard to its regulatory filings and consequently to be relisted for trading .

Funding continues to be difficult to access in 2017 and the ability of the Company to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and continue with, or expand upon its exploration programs is contingent upon securing equity financing or monetizing assets. The timing and availability of additional financing will be determined largely by market conditions, legal restrictions, and the results of the Company's ongoing exploration programs. There is no certainty that the Company will be able to raise funds as they are required in the future.

The interim 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.

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.

BASIS OF PRESENTATION

Adoption of International Financial Reporting Standards ("IFRS")

(a) Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the period ended March 31. 2017 and the year ended December 31, 2016.

(b) Basis of Presentation

The interim financial statements have been prepared on the historical cost basis. Current assets are recorded at fair value. The comparative figures presented in these financial statements are in accordance with IFRS and have been audited.

These interim financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. The ability of the Company to continue operations is dependent upon obtaining the necessary financing to complete the development of its property. These financial statements do not include any adjustments related to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

Future Outlook

European Metals Corp. is in the exploration stage and all previous properties which the Company had acquired in prior years in which an interest had been maintained have been written off in the financial statements. Since these properties have been sold during 2015, the direction of management had been to open negotiations with Eurogas AG. These negotiations were not successful and have been terminated. Work is continuing to raise funding to re-list its shares on the Canadian Stock Exchange ("CSE") by enabling the filing of the audited year end financial statements at December 31, 2016 and updating the 2017 quarterly financial statements. Concurrent with the relisting the Company is working to find new properties for investment to revitalize the company.

Financial Overview

The Company does not earn any significant revenue from consolidated operations. Interest is derived from the investment of funds for the period between the receipt of funds from equity placements and the disbursement of exploration expenditures.

Results of Operations

Projects Overview

(i) Berehaven Copper Property

In March 2015, the Company received an extension to October 1, 2015 for the agreement for the option to acquire an 80% interest in the Berehaven Copper Mines located in the Allihies Mining District, County Cork, Ireland, for the performance of the work commitment of $250,000 that was to have been completed, originally, on or before February 1, 2015. In February 2016 the Company chose to terminate the option on the property.

(ii) The East Lingman Lake Gold Property

On October 25, 2012, European Metals 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.

The Company agreed to a further extension to the Option agreement to June 30, 2016 and subsequently to July 5, 2016, at which time 1,500,000 shares were issued by Signature Resources Ltd.("SGU") at a deemed price of $0.085 per share equalling $127,500 satisfying the terms of the option agreement. At that date SGU acquired all of the right, title and interest in the property.

(iii) 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).

The Company agreed to an extension, to the terms of the Option agreement, to December 31, 2017.

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.

Selected Annual Information

	December 31 2016 $	December 31 2015 $
Total revenues		
Net Income(Loss) and comprehensive income(loss) before income taxes		
Total	38,378	(228,381)
Per share basis	0.000	(0.00)
Net Income(Loss) and comprehensive income(loss)		
Total	38,378	(228,381)
Per share basis	0.000	(0.00)
Diluted - per share basis (i)		
Total assets	35,603	20,350
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	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)	Total assets	Working Capital(Deficiency)
	$	$	$	$	$	$
March 31,2017	(12,333)	-	(12,333)	(0.00)	20,688	(828,482)
Dec 31,2016	64,749	-	64,749	0.00	35,603	(816,217)
Sept 30,2016	(4,600)	-	(4,600)	(0.00)	25,520	(856,293)
June 30,2016	(14,374)	-	(14,374)	(0.00)	28,012	(875,222)
March 31,2016	(7,397)	-	(7,397)	(0.00)	28,605	(863,538)
Dec 31,2015	(135,844)	-	(135,844)	(0.00)	20,350	(855,746)
Sept 30,2015	(39,689)	-	(39,689)	(0.00)	20,552	(836,347)
June 30,2015	(52,848)	-	(52,848)	(0.00)	78,931	(816,926)

(i) On a non-diluted basis

First Quarter Financial Review – Results of Operations

Factors Affecting Quarterly Results:

The Company has no revenue. As a result of its activities, the Company continues to incur net losses.

The costs for 2017, in this first quarter, are at still being maintained at an absolute minimum, only those costs that were required to maintain the company with the parallel need to manage a compliant public company and the maintenance of its assets in good standing were incurred until funds are realized to reinstate the company.

RELATED PARTY TRANSACTIONS

(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).

The Company incurred the following related party expenses during the period ended March 31, 2017 and December 31, 2016:

Included in accounts payable is an amount of $443,914(2016 - $443,914) owing to the former Chairman and Chief Executive Officer of the Company for wages earned in prior years. An amount of $1,145 (2016 - $5,711) is included in accounts payable for amounts owing to the current Chairman and Chief Executive Officer.

These transactions are in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the parties.

(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:

	Three months ended March 31, 2017	Year ended December 31, 2016
		$
Consulting fees	2,500	11,500

Payable to the Current Chairman and Chief Executive Officer/Chief Financial Officer

Outstanding Share Data

Share Capital

	Note	Number of shares	Amount
		#	$
Balance of issued shares at January 1, 2015		1,392,762,564	17,666,271
Balance of issued shares at March 31, 2015		1,392,762,564	17,666,271
Balance of issued shares at December 31, 2015		1,392,762,564	17,666,271
Balance of issued shares at March 31, 2016		1,392,762,564	17,666,271
Balance of issued shares at December 31, 2016		1,392,762,564	17,666,271
Balance of issued shares at March 31, 2017		1,392,762,564	17,666,271
Shares to be issued		10,000,000	50,000
Balance at March 31, 2017 and December 31, 2016		**1,402,762,564**	**17,716,271**

$50,000 was received in 2014 for 10,000,000 shares yet to be issued.

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 employer 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 employer 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 employer 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 following table summarizes information about stock options outstanding and exercisable at March 31, 2017:

The Company applies the fair value method of accounting for all stock-based compensation awards.

	March 31, 2017			December 31, 2016		
	Number of options outstanding	Weighted Average Exercise Price	Fair Value of Options	Number of options outstanding	Weighted Average Exercise Price	Fair Value of Options
	#	$	$	#	$	$
Balance at beginning of the period	66,500,000	0.005	314,471	66,500,000	0.005	314,471
Expired during the period	-	-	-	-	-	-
Balance at end of the period	66,500,000	0.005	314,471	66,500,000	0.005	314,471

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	$	#	$	
2.38	314,471	66,500,000	0.005	November 18,2018

Warrants

The following tables summarize information about warrants outstanding at March 31:

`	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	March 31	March 31	December 31	December 31
	2017	2017	2016	2016
	#	$	#	$
Outstanding ,beginning of the period	704,958,200	0.05	704,958,200	0.05
Granted during the period	-	-	-	-
Cancelled or expired during the period	-	-	-	-
Outstanding, end of the period	704,958,200	0.05	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	1,069,221
March-19	0.05	3,986,000	13,704
Balance, December 31, 2016		704,958,200	1,082,925
Balance, March 31, 2017		704,958,200	1,082,925

No warrants were exercised in this period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the three months ended March 31, 2017.

(a) Basis of presentation

These unaudited condensed interim financial statements 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 policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of December 5, 2017, the date the Board of Directors approved the statements. These interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2016, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2017 could result in restatement of these unaudited condensed interim financial statements.

i) Income taxes and recoverability of potential deferred tax assets

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 or liabilities 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.

ii) Share-based payments

Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates certain input assumptions including the future volatility of the stock price, expected dividend yield, and expected life. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

c) Principles of Consolidation

The interim consolidated financial statements include the accounts of European Metals Corp. (the "Company") and its wholly owned subsidiaries Mantis Explorations Inc., Mantis Explorations Ltd., Avenue Bancorp Ltd., and University Avenue Management Ltd. On consolidation, all intercompany transactions and balances have been eliminated.

d) Business Combinations

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as cash paid and the fair value of other assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The acquired identifiable assets and liabilities assumed, including contingent liabilities, are measured at their fair values at the date of acquisition. Associated transaction costs are expensed when incurred.

e) Financial Instruments

Financial assets:

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ["FVTPL"], 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities:

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities:

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or [where appropriate] to the net carrying amount on initial recognition.

De-recognition of financial liabilities:

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expired.

The Company's financial instruments consist of the following:

Financial assets:		Classification:
Cash Marketable securities		FVTPL FVTPL
Prepaid and sundry receivables		Receivables
Financial liabilities:		Classification:
Accounts payable and accrued liabilities		Other financial liabilities

Impairment of financial assets:

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 negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts or loan receivable, where the carrying amount is reduced through the use of an allowance account. When an accounts or loan 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.

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.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the interim consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices]; and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs]. As of March 31, 2017, cash was classified as Level 1 on the interim consolidated balance sheet.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2017 and December 31, 2016:

	Financial assets at fair value as at March 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	$ 18,237	$ -	$ -	$ 18,237

	Financial assets at fair value as at December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Marketable securities	$ 34,458	$ -	$ -	$ 34,458

f) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. The Company has assessed its assets and has determined that there is no impairment of its non-financial assets.

g) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Equipment is amortized using the declining-balance method using the following rates: Furniture and fixtures - 20%; Mining equipment - 30% and Computer equipment – 30%.

The Company compares the carrying value of equipment to estimated net recoverable amounts, based on estimated future cash flows, to determine whether there is any indication of impairment whenever events or circumstances warrant. An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

An item of equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statements of comprehensive income or loss.

Where an item of equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

h) Exploration and Evaluation Assets

The Company is in the exploration stage with respect to its investment in mineral properties. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized on a property by property basis. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations.

Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

For the period ended March 31, 2017 and the year ended December 31, 2016, there were no exploration and evaluation assets.

i) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions at March 31, 2017 and December 31, 2016.

j) Share based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

k) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

(l) Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

As at March 31, 2017 and December 31, 2016 the Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

m) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options outstanding that may add to the total number of common shares.

n) Significant accounting judgments and estimates

The preparation of these interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future, that management has made, 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 relate to, but are not limited to, the following:

i) Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets.

Internal sources of information include the manner in which the assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate.

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets. For the three months ended March 31, 2017 and the year ended December 31, 2016, there were no exploration and evaluation assets.

ii) Income taxes and recoverability of potential deferred tax assets

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 or liabilities 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) Share-based payments

Management determines costs for share-based payments using the Black-Scholes option pricing model. The fair value of the market-based and performance-based share awards are determined at the date of grant and incorporates certain input assumptions including the future volatility of the stock price, expected dividend yield, and expected life. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

iv) Provision for income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

v) Categorization of financial assets and liabilities

The categorization of financial assets and liabilities is an accounting policy that requires management to make judgements or assessments.

o) New standards not yet adopted and interpretations issued but not yet effective.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. 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. Final amendments released in July 2014 also introduced a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Environmental Liabilities

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

Liquidity and Capital Resources

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company.

As at March 31, 2017 the Company had cash of $18,237 bank to settle current liabilities of $848,093 (December 31, 2016, the Company had cash of $34,458 to settle current liabilities of $850,675). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

As at March 31, 2017 the Company has not generated any revenues from operations. The Company has incurred a net loss of $12,333 for the three months ended March 31, 2017 (March 31, 2016 - $7,397), and a working capital deficit of $828,482 (December 31, 2016 - $816,217) and an accumulated deficit of $827,405 (December 31, 2016 $815,072). The Company's operations have been primarily funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required.

Current funds are not sufficient to explore existing projects, and in due course, further funding will be required. In the event that the Company is unable to secure further financing it may not be able to complete the development of its projects.

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.

The properties held by the Company are not income generating. The Company is reliant on equity markets over the long term to raise capital to fund its exploration activities. In the past, the Company has been successful in raising funds through equity offerings, and while there is no guarantee that this will continue, there is no reason either to believe that this capacity will diminish.

Accounts payable balances vary from quarter-to-quarter depending on the season and the amount of work performed during the quarter. The balance at March 31,2017 was $848,093 (December 31, 2016- $850,675).

The Company does not hold, and has never held, any Asset-Backed Commercial Paper (ABCP).

The Company is in the exploration stage and is subject to risks and challenges similar to other companies in a comparable stage of exploration.

Management continues to evaluate various financing alternatives in order to fund its ongoing exploration activities as well as for general administrative costs. There is no assurance that such additional financings will be available as required, or under favourable terms. If the Company does not secure additional financing, exploration activities will be seriously curtailed and the Company may not be able to meet its ongoing commitments.

Balance-Sheet Arrangements

The Company has no off-balance-sheet arrangements.

OUTLOOK

The Company is dependent on obtaining financing for the exploration and development of its mineral properties and any new projects. Management is currently exploring various financing alternatives in order to fund its planned exploration activities. Given the current market in which junior exploration mining companies find themselves, this has been an incredibly difficult task. There is no assurance that such financing will be available when required, or under favourable terms.