EUROPEAN METALS CORP.

(AN EXPLORATION STAGE COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIODS ENDED

JUNE 30, 2017 AND JUNE 30, 2016

(UNAUDITED)

(EXPRESSED IN CANADIAN DOLLARS)

Management's responsibility for financial reporting

Notice to reader - Review of interim financial statements

Interim Consolidated Financial Statements

- Interim Consolidated Statements of Financial Position
- Interim Consolidated Statements of Loss and Comprehensive Loss
- Interim Consolidated Statements of Changes in Equity
- Interim Consolidated Statements of Cash Flows
- Notes to Interim Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying interim consolidated financial statements of European Metals Corp. have been prepared by, and are the responsibility of the Company's management.

The interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and reflect management's best estimates and judgments based on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the interim consolidated financial statements fairly reflect the financial position and results of operations of the Company within reasonable limits of materiality.

Management has developed and maintains a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized, and financial information is reliable. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and therefore, can provide only reasonable assurance as to financial statement reliability and the safeguarding of assets.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee meets with the Company's management and external auditors to discuss the results of the audit and to review the interim consolidated financial statements prior to the Audit Committee's submission to the Board of Directors for approval. The Audit Committee also reviews the quarterly financial statements and recommends them for approval to the Board of Directors, reviews with management the Company's systems of internal control, and approves the scope of the external auditors' audit and non-audit work. The Audit Committee is composed entirely of directors not involved in the daily operations of the Company who are thus considered to be free from any relationship that could interfere with their exercise of independent judgment as a Committee member.

Signed by

"Vicki Rosenthal"

Vicki Rosenthal

Chief Executive Officer

December 5, 2017

NOTICE TO READER

REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

(AN EXPLORATION STAGE COMPANY)

Interim Consolidated Statements of Financial Position
(Unaudited)

(Expressed in Canadian Dollars)

	Note	June 30, 2017 $	December 31, 2016 $
ASSETS			
Current assets:			
Cash		14,063	34,458
Prepaid and sundry receivables	6	1,916	-
Total current assets		15,979	34,458
Non-current assets:			
Equipment	7	1,009	1,145
Total non-current assets		1,009	1,145
Total assets		16,988	35,603
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	12	855,044	850,675
		855,044	850,675
Equity:			
Share Capital	9	17,666,271	17,666,271
Shares to be issued		50,000	50,000
Warrant reserve	9	1,082,925	1,082,925
Contributed surplus		610,321	610,321
Deficit		(20,247,573)	(20,224,589)
Total deficiency		(838,056)	(815,072)
Total liabilities and equity		16,988	35,603

Nature of Operations and Going Concern (Note 1)

The accompanying notes are integral to these interim consolidated financial statements

(AN EXPLORATION STAGE COMPANY)

Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
			$	$
EXPENSES				
Fees	3,000	1,501	7,800	3,213
General and office administration	2,548	3,933	5,048	5,636
Consulting fees	2,500	2,500	5,000	5,000
Legal and audit	2,535	5,000	5,000	10,000
Amortization	68	99	136	199
Shareholder communications	-	1,341	-	5,223
Total Expenses	10,651	14,374	22,984	29,271
Gain on sale of investments	-	-	-	7,500
Net loss and comprehensive loss for the period before income taxes	(10,651)	(14,374)	(22,984)	(21,771)
Net loss and comprehensive loss for the period	(10,651)	(14,374)	(22,984)	(21,771)
Weighted average number of outstanding common shares	1,392,762,564	1,392,762,564	1,392,762,564	1,392,762,564
Loss per common share	(0.00)	(0.00)	(0.00)	(0.00)

The accompanying notes are integral to these interim consolidated financial statements

(AN EXPLORATION STAGE COMPANY)

Interim Consolidated Statement of Changes in Equity
(Unaudited)
(Expressed in Canadian Dollars)

	Number of shares outstanding		Share Capital		Warrant Reserve		Shares to be issued		Contributed Surplus		Deficit		Total Equity (deficiency) attributable to European Metals Corp.		Total Equity
Balance at January 1, 2016	**1,402,762,564**	**$**	**17,666,271**	**$**	**1,082,925**	**$**	**50,000**	**$**	**610,321**	**$**	**(20,262,967)**	**$**	**(853,450)**	**$**	**(737,879)**
Net loss for the period	-		-		-		-		-		(21,771)		(21,771)		(21,771)
Balance at June 30, 2016	**1,402,762,564**	**$**	**17,666,271**	**$**	**1,082,925**	**$**	**50,000**	**$**	**610,321**	**$**	**(20,284,738)**	**$**	**(875,221)**	**$**	**(759,650)**
Net income for the period	-		-		-		-		-		60,149		60,149		60,149
Balance at December 31, 2016	1,402,762,564	$	17,666,271	$	1,082,925	$	50,000	$	610,321	$	(20,224,589)	$	(815,072)	$	(699,501)
Net loss for the period	-		-		-		-		-		(22,984)		(22,984)		(22,984)
Balance at June 30, 2017	1,402,762,564	$	17,666,271	$	1,082,925	$	50,000	$	610,321	$	(20,247,573)	$	(838,055)	$	(722,485)

The accompanying notes are integral to these interim consolidated financial statements

(AN EXPLORATION STAGE COMPANY)

Interim Consolidated Statement of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

	Six months ended June 30, 2017	Six months ended June 30, 2016
	$	**$**
CASH (USED IN) PROVIDED BY		
Operating activities		
Net loss and comprehensive loss for the period	(22,984)	(21,771)
Adjustment for :		
Amortization	136	199
Gain on sale of investments	-	(7,500)
	(22,848)	(29,072)
Net change in non-cash working capital		
Changes in operating assets and operating liabilities:		
(Increase)decrease in prepaid and sundry receivables	(1,916)	7,041
Increase(decrease) in accounts payable and accrued liabilities	4,369	8,883
Cash flows from operating activities	(20,395)	(13,148)
Cash flows from investing activities		
Proceeds from sale of investments	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities		
Loans payable	-	11,859
Cash flows from financing activities	-	11,859
Net change in cash and cash equivalents	(20,395)	(1,289)
Cash and cash equivalents, beginning of period	34,458	(247)
Cash and cash equivalents, end of period	14,063	(1,536)
NON-CASH INVESTING ACTIVITIES	$ -	$ -

The accompanying notes are integral to these interim consolidated financial statements

(AN EXPLORATION STAGE COMPANY)
For the six months ended June 30, 2017 and June 30, 2016
(Unaudited)
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of operations

European Metals Corp. is in the exploration stage and engaged principally in the acquisition and exploration of mineral properties in Ontario. The address of the head office is at 131 Bloor Street West, Suite 802, Toronto, Ontario. M5S1S3.

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 June 30, 2017 the Company has not generated any revenues from operations. The Company has incurred a net loss of $22,984 for the six months ended June 30, 2017 (June 30, 2016 - $21,771), and a working capital deficit of $839,065 (December 31, 2016 - $816,217) and an accumulated deficit of $838,056 (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.

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 operations for the foreseeable future. Realization values may be substantially different from carrying values as shown and these interim consolidated financial statements do not give effect to the adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. 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 Company's ability to continue as a going concern is dependent upon the ability of the company to obtain the necessary financing to develop properties

These interim consolidated financial statements of the Company for the six months ended June 30, 2017 were authorized for issuance by the board of Directors of the Company on December 5, 2017.

Listing on the Canadian Stock Exchange ("CSE")

The Company was de-listed from trading on the CSE on May 5, 2016 due to a failure to comply with regulatory filing deadlines. The Company is still in the process of addressing the issues that gave rise to this action.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These 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 six months ended June 30, 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of presentation (continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

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		FVTPL
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.

(AN EXPLORATION STAGE COMPANY)
For the six months ended June 30, 2017 and June 30, 2016
(Unaudited)
(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (continued)

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 June 30, 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 June 30, 2017 and December 31, 2016:

	Financial assets at fair value as at June 30, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	$ 14,063	$ -	$ -	$ 14,063

	Financial assets at fair value as at December 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	$ 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% 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 June 30, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 June 30, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 period ended June 30, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Significant accounting judgments and estimates (continued)

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.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company considers its capital to be a deficit, comprising share capital, reserves and deficit which at June 30, 2017 totalled $838,056 (December 31, 2016 totalled $815,072. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, and acquire or dispose of assets to adjust the amount of cash and cash equivalents.

(Expressed in Canadian Dollars)

4. PROPERTY AND FINANCIAL RISK FACTORS

The Company is exposed to property risk and a variety of financial risks: credit risk, liquidity risk and market risk [including interest rate risks] as explained below. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(a) Property risk

At the present time, the company does not have any mineral exploration properties under development. If no additional exploration properties are acquired by the Company, this would have a material adverse effect on the Company's financial condition and results of operations.

(b) Financial risk

Credit risk

The Company's credit risk is primarily attributable to cash and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Cash has been invested with reputable financial institutions, from which management believes the risk of loss to be minimal.

Liquidity risk

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 June 30, 2017 the Company had cash of $14,063 bank to settle current liabilities of $855,044 (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.

(i) Interest rate risk

The Company has no cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

(c) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period:

(i) Cash is subject to floating interest rates. The Company has no variable debt and receives low interest rates on its cash balances. As such, the Company does not have significant interest rate risk.

5. CASH AND MARKETABLE SECURITIES

(a) Cash and cash equivalents

The cash and cash equivalents are comprised as follows:

	June 30, 2017	December 31, 2016
	$	$
Cash	14,063	34,458
Total	**14,063**	**34,458**

(AN EXPLORATION STAGE COMPANY)
For the six months ended June 30, 2017 and June 30, 2016
(Unaudited)
(Expressed in Canadian Dollars)

6. SUNDRY RECEIVABLES

Sundry receivables at June 30, 2017 represent $1,916 for Harmonized Sales Tax.

7. EQUIPMENT

			June 30 2017	December 31 2016
	Cost	Accumulated Amortization	Net	Net
Furniture and fixtures	$ 13,471	12,839	$ 632	$ 701
Computer Equipment	39,843	39,466	377	444
Mining Equipment	14,082	14,082	-	-
	$67,396	**66,387**	**$ 1,009**	**$ 1,145**

8. EXPLORATION AND EVALUATION ASSETS

Projects

The Company continues to monitor its projects that were acquired in prior years for which a full impairment charge has been provided. These projects are summarized as follows:

(i) The Orphan 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.

9. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares

(AN EXPLORATION STAGE COMPANY)
For the six months ended June 30, 2017 and June 30, 2016
(Unaudited)
(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(b) Issued

	Note	Number of shares	Amount
		#	$
Balance of issued shares at January 1, 2016		1,392,762,564	17,666,271
Balance of issued shares at June 30, 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 June 30, 2017		1,392,762,564	17,666,271
Shares to be issued		10,000,000	50,000
Balance at June 30, 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.

(c) Warrants

`	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	June 30	June 30	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, June 30, 2017		704,958,200	1,082,925

No warrants were exercised in this period or in the year ended December 31, 2016.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

(d) 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 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 June 30, 2017 and December 31, 2016:

	June 30, 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

Weighted Average Remaining Contractual Life	Fair Value of Options	Number of options and exercisable options	Exercise price	Expiry Date
Years	$	#	$	
2.13	314,471	66,500,000	0.005	November 18,2018

10. LOSS PER COMMON SHARE

Loss per common share has been calculated based on the weighted average number of common shares outstanding during the period of 1,392,762,564 shares. Fully diluted loss per common share has not been provided for the period ended June 30, 2017 as the effect would be anti–dilutive.

(Expressed in Canadian Dollars)

11. COMMITMENTS

Contracts

There is a consulting contract with the current Chairman and CEO/CFO for services rendered based on the current value for services that is appropriate on the circumstances to be paid in cash when available. This contract is to be renewed annually unless circumstances indicate otherwise.

12. 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 June 30, 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 $2,806 (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:

	Six months ended June 30 2017	Year ended December 31, 2016
	$	$
Consulting fees (i)	5,000	11,500

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