EUROPEAN METALS CORP.

(AN EXPLORATION STAGE COMPANY)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED

JUNE 30, 2018 AND JUNE 30, 2017

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

INDEX

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

August 29, 2018

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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

(AN EXPLORATION STAGE COMPANY)

Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)
(Unaudited)

AS AT	Note	June 30, 2018 $	December 31, 2017 $
ASSETS			
Current assets:			
Cash		26,122	14,501
Sales tax recoverable		12,689	4,232
Total current assets		38,811	18,733
Non-current assets:			
Equipment	6	771	873
Total non-current assets		771	873
Total assets		39,582	19,606
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities:			
Accounts payable and accrued liabilities	9	979,245	890,290
		979,245	890,290
Shareholders' deficiency			
Share Capital	8	17,666,271	17,666,271
Shares to be issued		50,000	50,000
Warrant reserve	8	1,082,925	1,082,925
Contributed surplus		314,471	314,471
Deficit		(20,053,330)	(19,984,351)
Total deficiency		(939,663)	(870,684)
Total liabilities and shareholders' deficiency		39,582	19,606

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

(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
EXPENSES				
Legal and audit	21,225	2,535	29,025	5,000
General and office administration	3,487	2,548	7,411	5,048
Consulting fees	2,500	2,500	5,000	5,000
Filing fees and dues	24,941	3,000	27,441	7,800
Amortization	51	68	102	136
Total Expenses	52,204	10,651	68,979	22,984
Net loss and comprehensive loss for the period before income taxes	(52,204)	(10,651)	(68,979)	(22,984)
Net loss and comprehensive loss for the period	(52,204)	(10,651)	(68,979)	(22,984)
Weighted average number of outstanding common shares issued	1,392,762,564	1,392,762,564	1,392,762,564	1,392,762,564
Loss per common share	(0.000)	(0.000)	(0.000)	(0.000)

The accompanying notes are integral to these interim consolidated financial statements

(AN EXPLORATION STAGE COMPANY)

Interim Consolidated Statement of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)
(Unaudited)

	Number of shares outstanding		Share Capital		Warrant Reserve		Shares to be issued		Contributed Surplus		Deficit		Total Equity
Balance at January 1, 2017	1,402,762,564	$	17,666,271	$	1,082,925	$	50,000	$	610,321	$	(20,224,589)	$	(815,072)
Net loss for the period	-		-		-		-		-		(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)	$	(838,056)
Reallocation of contributed surplus	-		-		-		-		(295,850)		295,850		-
Net loss for the period	-		-		-		-		-		(32,628)		(32,628)
Balance at December 31, 2017	1,402,762,564	$	17,666,271	$	1,082,925	$	50,000	$	314,471	$	(19,984,351)	$	(870,684)
Net loss for the period	-		-		-		-		-		(68,979)		(68,979)
Balance at June 30, 2018	1,402,762,564	$	17,666,271	$	1,082,925	$	50,000	$	314,471	$	(20,053,330)	$	(939,663)

The accompanying notes are integral to these interim consolidated financial statements

(AN EXPLORATION STAGE COMPANY)

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

	Six months ended June 30, 2018	Six months ended June 30, 2017
	$	**$**
CASH (USED IN) PROVIDED BY		
Operating activities		
Net loss and comprehensive loss for the period	(68,979)	(22,984)
Adjustment for :		
Amortization	102	136
	(68,877)	(22,848)
Net change in non-cash working capital		
Changes in operating assets and operating liabilities:		
(Increase) in sales tax recoverable	(8,457)	(1,916)
Increase in accounts payable and accrued liabilities	88,955	4,369
Cash flows from operating activities	11,621	(20,395)
Net change in cash and cash equivalents	11,621	(20,395)
Cash and cash equivalents, beginning of period	14,501	34,458
Cash and cash equivalents, end of period	26,122	14,063

The accompanying notes are integral to these interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements
For the six month period ended June 30, 2018 and June 30, 2017
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of operations

European Metals Corp., the ("Company", "EMC") 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 164 Cumberland Street, Suite 607, Toronto, Ontario, M5R 1A8.

The shares of EMC are listed on the Canadian Stock Exchange (the "CSE") under the symbol "ECU" and on the Frankfurt stock exchange under the symbol "MNTCF".

As at June 30, 2018 the Company has not generated any revenues from operations. The Company has realized net loss of $68,979 for the current period (year ended December 31, 2017 Loss - $55,612), and a working capital deficit of $940,434 (year ended December 31, 2017 - $871,556) and an accumulated deficit of $20,053,330 (year ended December 31, 2017- $19,984,351). 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 its properties.

Longer term, the Company may pursue opportunities to raise additional capital through equity markets; however, there can be no assurance it will be able to raise funds in the future. The ultimate ability of the Company to remain a going concern and complete exploration and development of properties, if properties are proven successful, is dependent upon successfully raising additional capital.

These interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Company be unable to continue as a going concern. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These interim consolidated financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Statement of compliance (continued)

Certain financial information and disclosure normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. The disclosure provided herein is incremental to the disclosures included in the annual financial statements. These interim consolidated financial statements should be read in conjunction with the Corporation's annual audited financial statements for the period ended December 31, 2017. These interim consolidated financial statements have been prepared following the same accounting policies as the Corporation's annual audited financial statements for the year ended December 31, 2017.

b) Basis of Measurement

These interim consolidated financial statements have been prepared on the historical cost basis. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these interim consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in Note 2 (e).

I. Basis 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.

The results of subsidiaries acquired or disposed of during the years presented are included in the interim consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

II. Functional and presentation currency

These interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

III. Use of estimates and judgements

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of Measurement (continued)

III. Use of estimates and judgements (continued)

a) Critical judgements exercised by management in applying accounting policies that have the most significant effect on the amounts presented in these consolidated financial statements are as follows:

   i) Functional currency – The assessment of the Company's functional currency and the functional currency of its subsidiaries involves judgment regarding the primary economic environment the Company and its wholly-owned subsidiary operates in.
   ii) Going concern – The assessment of the Company's ability to continue as a going concern involves judgement regarding future funding available for its operations and working capital requirements as discussed in note 1.

b) Critical accounting estimates

   i) Income taxes and recoverability of potential deferred tax assets

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate
to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

c) 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 Black-Scholes input assumption's including the future volatility of the stock price, expected dividend yield, and expected life. Such judgements and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) 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, 2018 and the year ended December 31, 2017, there were no exploration and evaluation assets.

e) Financial instruments

Financial assets and liabilities are initially recognized at fair value plus any directly attributable transaction costs except for those which are designated at fair value through profit or loss.

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") which are measured at fair value through profit or loss, 'available-for-sale' financial assets which are measured at fair value through comprehensive income, 'held-to-maturity investments' and 'loans and receivables' which are measured at amortized cost. 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'.

The Company's financial instruments consist of the following:

Financial Assets:	Classification:
Cash	FVTPL
Accounts receivable	Loans and receivables

Financial Liabilities:	Classification:
Amounts payable and other liabilities	Other financial liabilities

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Loans and receivables:

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

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction 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.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

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 re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account 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 income or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the 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).

f) 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.

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%.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Equipment (continued)

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 and computer 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) Share-based payment transactions

The fair value of stock options granted to employees and non-employees is recognized as an expense over the vesting period with a corresponding increase in shareholders' 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.

i) Decommissioning liability

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pre-tax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and 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. The Company has no restoration, rehabilitation and environment costs as at June 30, 2018 and December 31, 2017.

j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The Company has no material provisions at June 30, 2018 and December 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Share capital

Common shares

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

l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized with regards to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred taxes are recognized as income or expense in profit or loss, except to the extent that tax arises from transactions recognized in equity. Therefore, when deferred taxes relate to equity items, a backwards tracing is necessary to determine the adjustment to taxes (e.g. change in tax rates and change in valuation allowance) that should be recorded in equity. For this purpose, the accounting policy of the Company is to first allocate changes in valuation allowance to capital losses due to share issuance costs before non-capital losses carryforwards.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.

n) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Segment reporting

The Company determined that it had only one operating segment, i.e. the mining exploration.

p) New standards and interpretations not yet adopted

(i) IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with 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. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

In October 2010, the IASB added requirements for financial liabilities to IFRS 9. These requirements were largely carried forward from the existing requirements in IAS 39, however, fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

In November 2013, the IASB amended IFRS 9 to include a new general hedge accounting model. The amendment also removed the January 1, 2015 effective date.

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both IAS 39 and IFRIC 9 - Reassessment of Embedded Derivatives. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. However, an entity may elect to apply the earlier versions of this new standard to annual periods beginning before January 1, 2018 if, and only if, its initial application date is before February 1, 2015. The Company is still in the process of assessing the impact of this pronouncement.

(ii) IFRS 16 Leases (New) - In January 2016, the IASB issued a new IFRS on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the ACSB in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. The Company is in the process of assessing the impact of the new standard on its results of operations, financial position and disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

3. CAPITAL RISK MANAGEMENT

The Company includes equity, comprising issued share capital and deficit, in the definition of capital, which as at June 30, 2018 totaled Deficit $939,663 (December 31, 2017, totaled Deficit-$870,684).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its exploration commitments. To secure the additional capital necessary to continue with the exploration of mineral properties, the Company may attempt to raise additional funds through the issuance of debt or equity. The Company is not subject to any capital requirements imposed by a lending institution.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's process, policies and approach to capital management during the period ended June 30, 2018 and December 31, 2017.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of June 30, 2018. Management believes that the credit risk with respect to these amounts receivable is minimal.

(ii) 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 its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2018, the Company had cash and cash equivalents of $26,122, (December 31, 2017 - $14,501) to settle trade accounts payable and accrued liabilities of $979,245 (December 31, 2017 - $890,290), the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. Management is continuing in its efforts to secure a financing and believes it will be successful.

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4. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(iv) Financial risk

Interest rate risk

The Company has cash and cash equivalent balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company at the present time does not have any foreign currency balances subject to foreign currency risk.

(v) 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:

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

5. FAIR VALUE MEASUREMENTS

In reference to note 2(b), assets and liabilities measured at fair value on a recurring basis and categories of financial instruments are as follows:

a) Assets and liabilities measured at fair value on a recurring basis:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Aggregate fair value
As at June 30, 2018				
Cash	$ 26,122	$ -	$ -	$ 26,122
As at December 31, 2017				
Cash	$ 14,501	$ -	$ -	$ 14,501

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5. FAIR VALUE MEASUREMENTS (continued

b) Categories of financial instruments:

	June 30, 2018 Carrying amount	December 31, 2017 Carrying amount
Financial assets		
Cash	$ 26,122	$ 14,501
Sales tax recoverable	12,689	4,232
	$ 38,811	$ 18,733
Financial liabilities		
Accounts payable and accrued liabilities	$ 979,245	$ 890,290
	$ 979,245	$ 890,290

The Company has not offset financial assets with financial liabilities. The carrying value of the Company's amounts receivable, amounts payable and other liabilities approximates fair value due to their short-term maturity.

6. EQUIPMENT

			June 30 2018	December 31 2017
	Cost	Accumulated Amortization	Net	Net
Furniture and fixtures	$ 13,471	12,965	$ 506	$ 562
Computer Equipment	39,843	39,578	265	311
	$53,314	**52,543**	**$ 771**	**$ 873**

7. EXPLORATION AND EVALUATION ASSETS

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

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares

(b) Issued

	Number of shares #	Amount $
Balance of issued shares at January 1, 2017	1,392,762,564	17,666,271
Balance of issued shares at December 31, 2017	1,392,762,564	17,666,271
Balance of issued shares at June 30, 2018	1,392,762,564	17,666,271
Shares to be issued (i)	10,000,000	50,000
Balance at June 30, 2018 and December 31, 2017	**1,402,762,564**	**17,716,271**

(i) $50,000 was received for 10,000,000 shares to be issued. These shares are still outstanding and are expected to be issued in 2018.

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8. SHARE CAPITAL (continued)

(c) Warrants

	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	June 30	June 30	December 31	December 31
	2018	2018	2017	2017
	#	$	#	$
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, 2017		704,958,200	1,082,925
Balance, June 30, 2018		704,958,200	1,082,925

No warrants were issued or exercised in the period ended June 30, 2018 and December 31, 2017.

(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.

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8. SHARE CAPITAL (continued)

(d) Stock options (continued)

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, 2018 and December 31, 2017:

	June 30 2018			December 31, 2017		
	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	$	#	$	
0.38	314,471	66,500,000	0.005	November 18,2018

9. ACCOUNTS PAYABLE

The accounts payable are comprised as follows:

	June 30, 2018	December 31, 2017
	$	$
Accounts payable and accrued liabilities	316,730	217,775
Accounts payable (related parties - Note 14)	443,914	453,914
Accounts payable (related parties - discontinued operations)	218,601	218,601
	979,245	890,290

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10. INCOME (LOSS) PER COMMON SHARE

Income 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, 2018 and December 31, 2017 as the effect would be anti–dilutive.

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. GENERAL AND ADMINISTRATIVE EXPENSES

	Period ended June 30, 2018	Year ended December 31, 2017
	$	$
Document storage	3,778	5,081
Group benefits	2,026	3,900
Telephone	820	1,807
Website	630	1,292
Interest and bank charges	99	960
General	58	322
	7,411	13,362

13. 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 had the following related party expenses during the period ended June 30, 2018:

Included in accounts payable is an amount of $443,914 (2017 - $443,914) owing to the former Chairman and Chief Executive Officer of the Company for wages earned in prior years. 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:

	Period ended June 30, 2018	Year ended December 31, 2017
Consulting fees (i)	5,000	10,000
Accounts payable (i)	2,500	10,000

(i) Current Chairman and Chief Executive Officer/Chief Financial Officer

13. RELATED PARTY TRANSACTIONS (continued)

One of the non-executive directors is also legal counsel to the Company and receives fees for his services.

As of June 30, 2018 and December 31, 2017, the Company owes no money to executives of the Company for unpaid salaries and wages. A significant amount of the work required by the Company is undertaken on a contract basis by unrelated highly qualified companies and individuals.

Non-executive directors also participate in the Company's stock option program.