

**EUROPEAN METALS CORP.**

(AN EXPLORATION STAGE COMPANY)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE MONTH PERIOD ENDED  
MARCH 31, 2019 AND 2018**

(EXPRESSED IN CANADIAN DOLLARS)

**(UNAUDITED)**

**European Metals Corp.**  
**Management's Discussion and Analysis**  
**For the period ended March 31, 2019 and 2018**

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This Management Discussion and Analysis ("MD&A") of European Metals Corp. ("EMC" or the "Company") is dated May 22, 2019 and provides an analysis of the Company's performance and financial condition for the three month period ended March 31, 2019 and 2018 as well as an analysis of future prospects. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee, comprised of independent directors. The audit committee reviews this disclosure and recommends its approval by the Board of Directors.

This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 F1– Continuous Disclosure Obligations. This MD&A should be read in conjunction with our audited financial statements and related notes for the period ended March 31, 2019, prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars unless stated otherwise. The financial statements and additional information, including the Company's Certifications of Annual and Filings and press releases, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

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

The address of the head office is 789 West Pender Street, Vancouver, British Columbia V6C 2V6, Canada. 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".

This document is required by securities legislation to contain and does contain forward-looking statements, opinions about future events and comments regarding risks and opportunities, which reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historic, the statements are essentially forward-looking and are often identified by words such as, but not limited to, "anticipate", "expect", "estimate", "intend", "project", "plan" "might", "could" and "believe". In the interest of providing shareholders and potential investors with information regarding EMC, including management's assessment of future plans and future operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Corporation or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

### **Overall Performance**

EMC is carrying on the business of the acquisition and exploration of properties for mining of precious and base metals. EMC has not earned any revenue to date from its mining operations and is therefore considered to be in the exploration ("exploration") stage.

The public trading in the shares of the Company was halted on May 5, 2016 due to the inability of the Company to file the year ended December 31, 2015 financial statements and MD & A for 2015 by the required regulatory deadline. Funds were not available at the required time to complete the filings. The cease trade order previously imposed by the Ontario Securities Commission was revoked on March 29, 2018.

Trading will recommence once a resubmission of a qualifying property has been approved by the CSE.

The financial statements, references to notes and discussion presented within this report make reference to the audited consolidated financial statements for the year ended December 31, 2018 of European Metals Corp. and its wholly-owned subsidiaries: Mantis Explorations Inc., Mantis Explorations Ltd., Avenue Bancorp Ltd., and University Avenue Management Ltd. On consolidation, all intercompany transactions and balances have been eliminated.

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

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This MD&A was prepared with the information available as at May 22, 2019.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

As at March 31, 2019, the Company has not generated any revenues from operations. The Company has realized net loss of \$25,835 for the current period (2018 – \$16,775), and a working capital deficit of \$1,047,991 (year ended December 31, 2018 – 1,021,976) and an accumulated deficit of \$19,797,007 (December 31, 2018 - \$19,771,172). The Company's operations have been primarily funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. The Company will continue to require additional funding to maintain its ongoing levels of operations and administration, retire its indebtedness as they come due, and meet any property maintenance payments for the next fiscal year. The current funds available to the company are not sufficient to explore the existing projects and to complete the development of its projects. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

The Company had no revenue in the period ended March 31, 2019 and the year ended December 31, 2018.

Funding continues to be difficult to access in 2018 and 2019 and the ability of the Company to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and continue with, or expand upon its exploration programs is contingent upon securing equity financing or monetizing assets. The timing and availability of additional financing will be determined largely by market conditions, legal restrictions, and the results of the Company's ongoing exploration programs. There is no certainty that the Company will be able to raise funds as they are required in the future.

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.

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

**RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

**Key personnel and directors are:**

Vicki Rosenthal – Chairman, CEO and CFO  
Matthew Fish – Director  
Maciej Lis - Director

- (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 March 31, 2019:

Included in accounts payable is an amount of \$8,314 (2017 - \$10,014) owing to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

- (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:

	March 31, 2019	March 31, 2018
	\$	\$
Accounting fees to the CEO and CFO	2,500	2,500
	2,500	2,500

## **ENVIRONMENTAL LIABILITIES**

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

## **CAPITAL RISK MANAGEMENT**

The Company includes equity, comprising issued share capital and deficit, in the definition of capital, which as at March 31, 2019 totaled Deficit \$19,797,007 (December 31, 2018 - \$19,771,172).

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 March 31, 2019 and December 31, 2018.

## **FINANCIAL RISK MANAGEMENT**

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 December 31, 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 March 31, 2019, the Company had cash and cash equivalents of \$21,132, (December 31, 2018 - \$23,971) to settle trade accounts payable and accrued liabilities of \$1,070,238 (December 31, 2018 - \$1,049,491), 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.

(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.

**FINANCIAL RISK MANAGEMENT (CONTINUED)**

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.

**FAIR VALUE MEASUREMENTS**

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:

	Level 1 \$	Level 2 \$	Level 3 \$	Aggregate fair value \$
As at March 31, 2019				
Cash	21,132	-	-	21,132
As at December 31, 2018				
Cash	23,971	-	-	23,971

b) Categories of financial instruments:

	March 31, 2019 \$	December 31, 2018 \$
Financial assets		
Cash	21,132	23,971
Sales tax receivable	1,295	3,544
	22,427	27,515
Financial liabilities		
Accounts payable and accrued liabilities	1,070,238	1,049,491
	1,070,238	1,049,491

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.

**Future Outlook**

European Metals Corp. is in the exploration stage and all previous properties which the Company had acquired in prior years in which an interest had been maintained have been written off in the financial statements. Concurrent with the relisting the Company is working to find new properties for investment to revitalize the company.

**Financial Overview**

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

**Results of Operations**

The Company continues to monitor its projects that were acquired in prior years for which a full impairment charge has been provided, and is actively assessing new projects to acquire in the next quarter.

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**INTERIM CONSOLIDATED RESULTS OF OPERATIONS**

All of the balances set out in this and following sections, including the Summary of quarterly results conform to IFRS standards.

	Three months ended	
	March 31, 2019	March 31, 2018
	\$	\$
<b>Expenses</b>		
Legal and audit	11,500	10,300
General and office administration	12,276	3,924
Filing fees and dues	2,059	2,500
Amortization	-	51
Net loss and comprehensive loss for the period	<u>(25,835)</u>	<u>(16,775)</u>
Net loss and comprehensive loss per share	<u>(0.00)</u>	<u>(0.00)</u>
Weighted average number of shares outstanding	<u>1,402,762,564</u>	<u>1,402,762,564</u>

**For the period ended March 31, 2019 and March 31, 2018**

During the three month period ended March 31, 2019, the Company recorded net loss of \$25,835 compared to a net loss \$16,775 for the corresponding period in 2018. Some of the significant charges to operations are as follows:

- Legal and audit fees of \$11,500 (2018 - \$7,800) include general corporate legal, audit and accounting for the period. Expenses for the period ended March 31, 2019 relate to accounting fees incurred. The Company maintains minimal expenditure while the company continues to seek qualifying properties.
- General and office administration of \$12,276 (2018 - \$3,924) include corporate, rent and miscellaneous expenditures. The overall increase is attributed to rent and corporate charges that were not incurred in the comparative period.

**Summary of Quarterly Results**

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

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

Quarter Ended	Net Earnings (Loss) and Comprehensive Earnings (Loss)					
	Total	Write down and impairment of evaluation and exploration assets	Income (loss) before write down and taxes	Earnings (loss) per share	Total assets	Working Capital Deficiency
	\$	\$		\$	\$	\$
March 31, 2019	(25,835)	-	(25,835)	(0.00)	22,427	(1,047,991)
December 31, 2018	2,295	-	2,295	0.00	27,515	(971,976)
September 30, 2018	(34,608)	-	(34,608)	(0.00)	35,525	(974,271)
June 30, 2018	(52,204)	-	(52,204)	(0.00)	39,582	(940,434)
March 31, 2018	(16,775)	-	(16,775)	(0.00)	25,201	(892,681)
December 31, 2017	(23,567)	-	(23,567)	(0.00)	19,606	(871,557)
September 30, 2017	(9,061)	-	(9,061)	(0.00)	15,794	(848,058)
June 30, 2017	(10,651)	-	(10,651)	(0.00)	16,988	(840,981)
March 31, 2017	(12,333)	-	(12,333)	(0.00)	20,688	(828,482)

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**First Quarter Financial Review – Results of Operations**

Factors Affecting Quarterly Results:

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

The majority of the extra costs that were incurred in this period were legal and accounting fees as the Company continues to seek potential business opportunities. As a result, the Company incurred 11,500 in legal and accounting fees.

The remaining costs are those that are required to keep the company in good standing and have been maintained at the minimum.

Accounts payable

The accounts payable are comprised as follows:

	March 31, 2019	December 31, 2018
	\$	\$
Accounts payable and accrued liabilities	850,803	820,876
Accounts payable (related parties )	8,314	10,014
Accounts payable (related parties – discontinued operations)	218,601	218,601
	1,070,238	1,049,491

**Outstanding Share Data**

**Share Capital**

During the period ended March 31, 2019 and for the year ended December 31, 2018, the Company did not issue any common shares.

**Stock options**

European Metals Options may be granted under the European Metals Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the European Metals shares may be listed or may trade from time to time. The number of European Metals shares reserved for issue to any one person pursuant to the European Metals Plan within any one year period may not exceed 5% of the issued and outstanding European Metals Shares.

The maximum number of European Metals shares which may be reserved for issuance to insiders under the European Metals Plan, any other employer stock option plans or options for services, shall be 10% of the total number of European Metals shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of European Metals options which may be granted to any one consultant under the European Metals Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the total number of European Metals shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of European Metals options which may be granted to investor relations persons under the European Metals Plan, any other employer stock options plans or options for services, within any 12 month period must not exceed, in the aggregate, 2% of the total number of European Metals shares issued and outstanding at the time of the grant (on a non-diluted basis). The exercise price of European Metals options issued under the European Metals Plan may not be less than the fair market value of the European Metals shares at the time the option is granted, subject to any discounts permitted by applicable legislative and regulatory requirements.

The following table summarizes information about stock options outstanding and exercisable at March 31, 2019.

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

	Number of options #	Weighted average exercise price \$
Balance, December 31, 2017	66,500,000	0.05
Expired	(66,500,000)	(0.05)
Balance, December 31, 2018 and March 31, 2019	-	-

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**Warrants**

	<b>Number of Warrants #</b>	<b>Weighted average exercise price \$</b>
Balance, December 31, 2017 and 2018	704,958,200	0.05
Expired	(704,958,200)	(0.05)
<b>Balance, March 31, 2019</b>	<b>-</b>	<b>-</b>

**OUTSTANDING SHARE DATA**

The table below shows the outstanding share capital of the Company as of as of the date of this MD&A.

	# of shares
Common Shares	1,402,762,564
Outstanding Options	-
Outstanding Warrants	-
<b>Fully Diluted Share Capital</b>	<b>1,402,762,564</b>

**OFF-BALANCE SHEET ARRANGEMENTS**

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

**OUTLOOK**

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