

EUROPEAN METALS CORP.

(AN EXPLORATION STAGE COMPANY)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED

SEPTEMBER 30, 2019 and 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

INDEX

Management's responsibility for financial reporting

Notice to reader - Review of condensed interim consolidated financial statements

Condensed Interim Consolidated Financial Statements

- Condensed Interim Consolidated Statements of Financial Position
- Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
- Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
- Condensed Interim Consolidated Statements of Cash Flows
- Notes to the Condensed Interim Consolidated Financial Statements

(AN EXPLORATION STAGE COMPANY)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The condensed 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 condensed 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 condensed 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

October 25, 2019

(AN EXPLORATION STAGE COMPANY)

NOTICE TO READER

REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of European Metals Corp. (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 the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity’s auditor.

(AN EXPLORATION STAGE COMPANY)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	September 30, 2019	December 31, 2018
As at	\$	\$
Assets		
Current assets		
Cash	4,910	23,971
Sales tax recoverable	370	3,544
Total current assets	5,280	27,515
Total assets	5,280	27,515
Liabilities and Shareholders' Deficiency		
Current liabilities		
Accounts payable and accrued liabilities (Notes 8 and 11)	1,112,842	1,049,491
Total liabilities	1,112,842	1,049,491
Shareholders' Deficiency		
Share capital (Note 9)	17,666,271	17,666,271
Warrant reserve	1,082,925	1,082,925
Deficit	(19,856,758)	(19,771,172)
Total Shareholders' Deficiency	(1,107,562)	(1,021,976)
Total liabilities and shareholders' Deficiency	5,280	27,515

Nature of Operations and Going Concern (Note 1)

The accompanying notes are integral to these condensed interim consolidated financial statements

(AN EXPLORATION STAGE COMPANY)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	\$	\$	\$	\$
Expenses				
Amortization	-	-	-	102
Consulting fees	-	-	-	5,000
Foreign exchange loss	-	449	-	449
General and office administration	2,564	5,345	7,106	12,098
Professional fees	26,782	25,500	64,775	54,525
Registration, filing and transfer agent fees	10,521	3,189	12,580	21,340
Shareholder communications	375	125	1,125	10,073
Net loss and comprehensive loss for the period	(40,242)	(34,608)	(85,586)	(103,587)
Net loss and comprehensive loss per share	(0.01)	(0.01)	(0.03)	(0.04)
*Weighted average number of shares outstanding	2,785,685	2,785,685	2,785,685	2,785,685

*The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a one new for five hundred old basis effective August 22, 2019.

Certain figures have been reclassified to conform with prior period classifications.

The accompanying notes are integral to these condensed interim consolidated financial statements

(AN EXPLORATION STAGE COMPANY)

Interim Consolidated Statement of Changes in Shareholders' Deficiency

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Shares*	Share Capital (\$)	Shares to be Issued (\$)	Share-Based Payments Reserve (\$)	Warrant Reserve (\$)	Deficit (\$)	Total Shareholder's Deficiency (\$)
Balance – December 31, 2017	2,785,685	17,666,271	50,000	314,471	1,082,925	(19,984,351)	(870,684)
Loss for the period	-	-	-	-	-	(103,587)	(103,587)
Balance – September 30, 2018	2,785,685	17,666,271	50,000	314,471	1,082,925	(20,087,938)	(974,271)
Balance – December 31, 2018	2,785,685	17,666,271	-	-	1,082,925	(19,771,172)	(1,021,976)
Loss for the period	-	-	-	-	-	(85,586)	(85,586)
Balance – September 30, 2019	2,785,685	17,666,271	-	-	1,082,925	(19,856,758)	(1,107,562)

*The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a one new for five hundred old basis effective August 22, 2019.

The accompanying notes are integral to these condensed interim consolidated financial statements.

(AN EXPLORATION STAGE COMPANY)

Condensed Interim Consolidated Statement of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	September 30, 2019	September 30, 2018
For the nine months ended,	\$	\$
Cash flows provided by (used in) for operating activities		
Net loss and comprehensive loss for the period	(85,586)	(103,587)
Adjustments for items not involving cash:		
Amortization	-	102
	(85,586)	(103,485)
Changes in non-cash working capital items:		
Increase (decrease) in sales tax recoverable	3,174	(2,947)
Increase in accounts payable and accrued liabilities	63,351	119,506
Net cash provided by (used in) operating activities	(19,061)	13,074
Change in cash during the period	(19,061)	13,074
Cash, beginning balance	23,971	14,501
Cash, ending balance	4,910	27,575

The accompanying notes are integral to these condensed interim consolidated financial statements

(AN EXPLORATION STAGE COMPANY)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine-month period ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

European Metals Corp., the (“Company”, “EMC”) is in the exploration stage and engaged principally in the acquisition and exploration of mineral properties. The address of the head office is at Suite 810 - 789 West Pender Street, Vancouver, British Columbia V6C 1H2, Canada.

The shares of EMC were listed on the Canadian Stock Exchange (the “CSE”) under the symbol ECU” and on the Frankfurt Stock Exchange under the symbol “MNTCF”. A cease trade order imposed by the CSE has been revoked. The Company is currently seeking a qualifying transaction and trading will commence once a transaction has been approved by the CSE.

As at September 30, 2019, the Company has not generated any revenues from operations. The Company has realized net loss of \$85,586 for the current period (2018 – \$103,587), and a working capital deficiency of \$1,107,562 (December 31, 2018 - \$1,021,976) and an accumulated deficit of \$19,856,758 (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.

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 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 condensed 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. Basis of Preparation and Statement of Compliance

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2018. These financial statements have been prepared following the same accounting policies as the Company’s audited financial statements for the year ended December 31, 2018.

The Board of Directors approved these condensed interim consolidated financial statements on October 25, 2019.

Basis of Presentation

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these condensed interim consolidated financial statements have been prepared on the historical-cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

(AN EXPLORATION STAGE COMPANY)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine-month period ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

2. Basis of Preparation and Statement of Compliance (continued)

Basis of Consolidation

The interim consolidated financial statements include the accounts of 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.

Functional and presentation currency

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

3. Significant Accounting Policies

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2018.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

New Standards and Interpretations adopted

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Company has adopted this standard as of January 1, 2019. Since the Company has no leases, there was no material impact on the Company's financial statements upon adoption of this standard.

4. CAPITAL RISK MANAGEMENT

The Company includes equity, comprising issued share capital and deficit, in the definition of capital, which as at September 30, 2019 totaled a deficit of \$1,107,562 (December 31, 2018 - \$1,021,976).

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 September 30, 2019 and December 31, 2018.

(AN EXPLORATION STAGE COMPANY)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine-month period ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

5. 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 September 30, 2019. Management believes that the credit risk with respect to 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 September 30, 2019, the Company had cash and cash equivalents of \$4,910 (December 31, 2018 - \$23,971) to settle trade accounts payable and accrued liabilities of \$1,112,842 (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) 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.

(AN EXPLORATION STAGE COMPANY)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine-month period ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

6. 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 September 30, 2019				
Cash	4,910	-	-	4,910
Sales tax recoverable	370	-	-	370
Accounts payable and accrued liabilities	(1,112,842)	-	-	(1,112,842)
As at December 31, 2018				
Cash	23,971	-	-	23,971
Sales tax recoverable	3,544	-	-	3,544
Accounts payable and accrued liabilities	(1,049,491)	-	-	(1,049,491)

b) Categories of financial instruments:

	September 30, 2019 \$	December 31, 2018 \$
Financial assets		
Cash	4,910	23,971
Sales tax receivable	370	3,544
	5,280	27,515
Financial liabilities		
Accounts payable and accrued liabilities	1,112,842	1,049,491
	1,112,842	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.

7. EXPLORATION AND EVALUATION ASSETS

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

8. ACCOUNTS PAYABLE

The accounts payable are comprised as follows:

	September 30, 2019 \$	December 31, 2018 \$
Accounts payable and accrued liabilities	883,607	820,876
Accounts payable (related parties – Note 11)	10,634	10,014
Accounts payable (related parties – discontinued operations)	218,601	218,601
	1,112,842	1,049,491

(AN EXPLORATION STAGE COMPANY)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine-month period ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

9. SHARE CAPITAL**(a) Authorized**

Unlimited number of common shares.

(b) Share Consolidation

On August 22, 2019 the Company completed a consolidation of its share capital on a one new for five hundred old basis. The share and per share amounts have been adjusted within these financial statements to reflect the share consolidation.

(c) Issued

The Company did not issue any common shares during the nine-month period ended September 30, 2019 and the year ended December 31, 2018, respectively.

(d) Warrants

The following is a summary of the Company's warrant activity:

	Number of Warrants #	Weighted average exercise price \$
Balance, December 31, 2017 and 2018	704,958,200	0.05
Expired	(704,958,200)	(0.05)
Balance, September 30, 2019	-	-

(e) Share options

European Metals Options may be granted under the European Metals Plan 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 share 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 share 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 share 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 share-based compensation awards.

The following table summarizes information about share options outstanding and exercisable at September 30, 2019 and December 31, 2018:

	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 September 30, 2019	-	-

(AN EXPLORATION STAGE COMPANY)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine-month period ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

10. 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.

11. 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 September 30, 2019.

Included in accounts payable is an amount of \$10,634 (2018 - \$3,000) owing to the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”).

Included in accounts payable is an amount of \$443,914 (2018 - \$443,914) owing to the former Chairman and Chief Executive Officer of the Company for wages earned in prior years. These transactions were in the normal course of operations and were measured at the exchange amounts, which were 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:

	September 30, 2019	September 30, 2018
	\$	\$
Accounting fees to the CEO and CFO	5,000	2,500
Consulting fees to the CEO and CFO	-	5,000
Legal fees to a director of the Company	-	19,800
Rent fees to the CEO and CFO	-	4,000
	<u>5,000</u>	<u>31,300</u>