

# **European Energy Metals Corp.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED AUGUST 31, 2024 AND 2023**

*(Unaudited - Expressed in Canadian dollars)*

NOTICE OF NO AUDITOR 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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of European Energy Metals Corp. (the "Company") have been prepared by and are the responsibility of management. These condensed consolidated interim financial statements for the three months ended August 31, 2024, have not been reviewed or audited by the Company's independent auditors.

**European Energy Metals Corp.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Expressed in Canadian dollars)

<b>As at</b>	<b>August 31, 2024</b>	<b>May 31, 2024</b>
	\$ (unaudited)	\$ (audited)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	840,528	1,742,720
Amounts receivable (Note 6)	207,194	38,683
Prepayments (Note 7)	26,420	37,748
	1,074,142	1,819,151
Exploration and evaluation assets (Note 5 and 8)	3,800,583	2,960,155
<b>TOTAL ASSETS</b>	<b>4,874,725</b>	<b>4,779,306</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 10)	474,621	241,474
	474,621	241,474
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	6,851,634	6,748,558
Reserves (Note 9)	1,066,139	1,026,474
Deficit	(3,517,669)	(3,237,200)
	4,400,104	4,537,832
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,874,725</b>	<b>4,779,306</b>

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)  
SUBSEQUENT EVENTS (Note 13)

Approved and authorized for issue on behalf of the Board on October 30, 2024.

"Larry Taddei" Director

"Jeremy Poirier" Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**European Energy Metals Corp.**  
**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**  
(Unaudited - Expressed in Canadian dollars)

	Three months ended August 31,	
	2024	2023
	\$	\$
<b>EXPENSES</b>		
Filing and Transfer agent fees	4,765	15,759
Investor relations and communications	31,850	470,425
Marketing and advertising	4,226	45,668
Management fee (Note 10)	70,500	63,000
Office & accounting (Note 10)	33,676	19,160
Professional fees	15,159	30,253
Share-based payments (Note 10)	87,203	105,711
Travel	5,154	16,204
Operating loss	252,533	766,180
Other income		
Foreign exchange loss	(28,691)	(3,271)
Interest income	755	-
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	280,469	769,451
Basic and diluted loss per share	(0.01)	(0.03)
Weighted average number of common shares outstanding:		
Basic and diluted	37,435,148	27,424,015

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**European Energy Metals Corp.**  
**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**  
**For the three months ended August 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars)

	Common Shares			Translation		Total
	Number of	Amount	Reserves	Reserve	Deficit	
	Shares	\$	\$	\$	\$	\$
Balance, May 31, 2023	21,141,163	1,725,011	651,323	-	(1,025,631)	1,350,703
Shares issued for cash, net	6,235,554	2,239,759	-	-	-	2,239,759
Share issuance costs	-	(246,561)	111,932	-	-	(134,629)
Shares issued from exercise of warrants	47,299	17,382	(3,192)	-	-	14,190
Restricted share units granted	-	-	89,537	-	-	89,537
Restricted share units forfeited	-	-	(10,179)	-	-	(10,179)
Stock options granted	-	-	26,352	-	-	26,352
Net loss and comprehensive loss	-	-	-	-	(769,451)	(769,451)
Balance, August 31, 2023	27,424,016	3,735,591	865,773	-	(1,795,082)	2,806,282
Shares issued for cash, net	5,787,800	2,088,648	-	-	-	2,088,648
Share issuance costs	695,000	(163,442)	2,148	-	-	(165,860)
Shares issued from exercise of warrants	100,000	15,000	-	-	-	15,000
Shares issued for acquisitions of assets	2,500,000	851,500	-	-	-	851,500
Restricted share units granted	-	-	224,100	-	-	224,100
Shares issued upon exercise of restricted share units	460,000	220,800	(220,800)	-	-	-
Stock option granted	-	-	160,280	-	-	160,280
Net loss and comprehensive loss	-	-	-	-	(1,442,118)	(1,442,118)
Balance, May 31, 2024	36,966,816	6,748,097	1,026,935	-	(3,237,200)	4,537,832
Shares issued from exercise of warrants (Note 9)	368,332	55,537	-	-	-	55,537
Restricted share units granted	-	-	13,548	-	-	13,548
Restricted share units issued (Note 9)	100,000	48,000	(48,000)	-	-	-
Stock options granted	-	-	73,656	-	-	73,656
Net loss and comprehensive loss	-	-	-	-	(280,469)	(280,469)
Balance, August 31, 2024	37,435,148	6,851,634	1,066,139	(20,580)	(3,517,669)	4,400,104

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**European Energy Metals Corp.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Unaudited - Expressed in Canadian dollars)

<b>Three months ended</b>	<b>August 31, 2024</b>	<b>August 31, 2023</b>
<b>Cash provided by (used in):</b>	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	(280,469)	(769,451)
Non-cash items		
Share-based payments (Note 9)	87,203	105,711
Net changes in non-cash working capital items:		
Amounts receivable	(168,511)	(13,084)
Prepayments	11,328	(21,421)
Accounts payable and accrued liabilities	233,148	(28,925)
<b>Net cash provided (used) in operating activities</b>	<b>(117,301)</b>	<b>(727,170)</b>
<b>INVESTING ACTIVITY</b>		
Additions to exploration and evaluation assets (Note 8)	(840,428)	(380,649)
<b>Net cash used in investing activity</b>	<b>(840,428)</b>	<b>(380,619)</b>
<b>FINANCING ACTIVITY</b>		
Shares issued for cash, net (Note 9)	-	2,119,319
Proceeds on exercise of warrants	55,537	-
<b>Net cash provided by financing activity</b>	<b>55,537</b>	<b>2,119,319</b>
Change in cash	(902,192)	1,011,500
Cash, beginning of period	1,742,720	892,711
<b>Cash, end of period</b>	<b>840,528</b>	<b>1,904,211</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

European Energy Metals Corp. (formerly Hilo Mining Ltd.) (the “Company”) was incorporated on February 2, 2021 under the laws of British Columbia. The Company commenced trading on the TSX Venture Exchange on April 29, 2022 under the trading symbol “HILO.V”. The address of the Company’s corporate office and its principal place of business is 503 - 905 Pender Street, Vancouver, British Columbia, Canada, V6C 1L6. On April 25, 2023, the Company changed its name to European Energy Metals Corp. and updated its trading symbol to “FIN.V”.

European Energy Metals Corp. is a junior mining company currently focused on the Lithium-Cesium-Tantalum Finnish Pegmatite Project in central Finland and several 100 percent owned precious metals projects in Northern Finland.

The Company’s unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. Management recognizes that the Company will need to obtain additional financial resources in order to meet its planned business objectives. The Company has not generated cash flows from operations and has an accumulated deficit of \$3,497,089 as at August 31, 2024. The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. There are no assurances that the Company will be able to obtain additional financial resources and/or achieve positive cash flows or profitability. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These unaudited condensed consolidated interim financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these unaudited condensed consolidated interim financial statements.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, the outbreaks of the relations between NATO and Russian Federation regarding the situation in Ukraine, the Israeli-Palestinian conflict in the Middle East, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company’s business.

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**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES**

## a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended May 31, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

These unaudited condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on October 30, 2024.

## b) Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments, which are measured at fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all years presented in these unaudited condensed consolidated interim financial statements.

## c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated from the date of acquisition of control.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The principal subsidiaries and their geographic locations at August 31, 2024, were as follows:

<b>Name</b>	<b>Proportion of Ownership Interest</b>	<b>Country of Incorporation</b>	<b>Functional Currency</b>	<b>Principal Activity</b>
BB Gold Inc.	100%	Canada	Canadian	Holding Company
Sisu Exploration Oy	100%	Finland	Canadian	Holds mineral interest in Finland
Grit Exploration Oy	100%	Finland	Canadian	Holds mineral interest in Finland

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**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

## d) Foreign currency

The condensed consolidated interim financial statements are presented in Canadian dollars ("CDN"). The functional currency of the Corporation and its subsidiary is measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar.

## e) Significant accounting policies

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited financial statements for the year ending May 31, 2024.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

*Critical accounting estimates*

- The inputs used in valuing share-based payments.

The Company uses the fair-value method of accounting for share-based payments (related to incentive stock options and compensation warrants granted, modified or settled). Under this method compensation costs attributable to option awards granted are measured at fair value at the issue or grant date and are expensed over the vesting period. In determining the fair value for share-based payments, the Company uses option pricing models and makes estimates of the expected volatility of the stock, the expected life and risk-free rate. The expected volatility is based on historical volatility of the Company's stock over a period commensurate with the expected life of the option. Changes to these estimates could result in the fair value of share-based payments expense being less than or greater than the amount recorded.

*Significant accounting judgments*

- The evaluation of the Company's ability to continue as a going concern.

The Company's management has made an assessment of the Company's ability to continue as a going concern. Factors considered by management are disclosed in Note 1.

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**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

- Exploration and evaluation assets

The Company is required to review the carrying value of its exploration and evaluation properties at each reporting date for potential impairment. Impairment is indicated if the carrying value of the Company's exploration and evaluation assets is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation assets exceeds their estimated fair value is charged to the statements of loss and comprehensive loss.

Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Company's financial ability to continue exploration and evaluation activities, contractual issues with joint venture partners, the impact of government legislation and political stability in the region, and the impact of current and expected future metal prices on potential reserves.

**4. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended August 31, 2024 and have not been applied in preparing these condensed consolidated interim financial statements nor does the Company expect these amendments to have a significant effect on its condensed consolidated interim financial statements.

**5. ASSET ACQUISITION**

On September 1, 2023, the Company acquired all the shares of BB Gold Inc., a company existing under the laws of Newfoundland and Labrador and its wholly owned Finnish subsidiary Sisu Exploration Oy, from a private individual (the "Vendor") in exchange for the issuance of 1,250,000 common shares (the "Consideration Shares") and \$10,000 cash. The Consideration Shares are subject to the following contractual resale restrictions:

Number of Consideration Shares	Contractual Resale Restriction Period
500,000	No contractual resale restriction
250,000	December 1, 2023
250,000	March 1, 2024
250,000	June 1, 2024

The acquisition constitutes an asset acquisition (the "Transaction"), as the Company does not meet the definition of a business combination as defined in IFRS 3. Through this acquisition the Company acquired a 100% interest in seven mineral reservations covering approximately 3,106.5 km<sup>2</sup> located in northern and central Finland. The Vendor is granted a 1% net smelter royal on six of the seven concessions.

The purchase price allocation requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed. As a result of this asset acquisition, \$631,411 has been capitalized in Exploration and evaluation assets. The table below summarizes the fair value of the consideration given and the fair values of identified assets and liabilities recognized as a result of the Transaction.

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**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**5. ASSET ACQUISITION (continued)**

Purchase price	\$
Fair value of consideration shares	575,000
Fair value of cash paid	10,000
Total consideration	585,000
Allocation of purchase price	
Cash	8,602
Sales tax receivable	14,493
Exploration and evaluation assets	631,431
Trade and accrued liabilities	(69,506)
Net assets acquired	585,000

**6. ACCOUNTS RECEIVABLE**

Accounts receivable consist of:

	August 31, 2024	May 31, 2024
	\$	\$
Good and Services Tax (GST)	52,048	15,617
Value-Added Tax (VAT)	155,146	23,066
Total	207,194	38,683

**7. PREPAYMENTS**

Prepayments consist of:

	August 31, 2024	May 31, 2024
	\$	\$
Administration and insurance	26,420	28,280
Marketing & advertising	-	9,468
Total	26,420	37,748

**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

**8. EXPLORATION AND EVALUATION ASSETS**

Expenditures related to the acquisition and exploration of mineral properties consisted of:

	Central Finland Property (Capella)	Northern Finland Property (BB Gold)	Champ Property	Total
	\$	\$	\$	\$
Acquisition Costs:				
Balance, May 31, 2023	150,000	-	236,231	386,231
Exploration and evaluation assets acquired from the Transaction (Note 5)	526,500	631,411	-	1,157,911
Impairment	-	-	(236,231)	(236,231)
Balance, May 31, 2024 and August 31, 2024	676,500	631,411	-	1,157,911
Exploration Costs:				
Balance, May 31, 2023	-	-	75,000	75,000
Additions	1,652,244	-	-	1,652,244
Impairment	-	-	(75,000)	(75,000)
Balance, May 31, 2024	1,652,244	-	-	1,652,244
Additions	629,847	210,581	-	840,428
Balance, August 31, 2024	2,282,091	210,581	-	2,492,672
Total, May 31, 2024	2,328,744	631,411	-	2,960,155
<b>Total, August 31, 2024</b>	<b>2,958,591</b>	<b>841,992</b>	<b>-</b>	<b>3,800,583</b>

The following table summarizes the accumulated expenditures of exploration and evaluation costs:

<b>As at August 31, 2024</b>	Central Finland Property (Capella)	Northern Finland Property (BB Gold)	Total
	\$	\$	\$
Acquisition costs	676,500	631,411	1,307,911
Field supplies	217,497	45,075	262,572
Geological and related	1,008,961	98,713	1,107,674
Geological consulting	795,198	43,868	839,066
Surveying	800	400	1,200
Travel	259,635	22,525	282,160
<b>Total</b>	<b>2,958,591</b>	<b>841,992</b>	<b>3,800,583</b>

*Capella Property*

Pursuant to an earn-in agreement (the "Earn-In Agreement") dated April 6, 2023, with Capella Minerals Limited ("Capella"), the Company acquired the option to earn up to an 80% interest in a portfolio of reservations held by Capella in central Finland (the "Capella Property"). The Capella Property is subject to a 1% net smelter return royalty and the Company is the operator of the project.

On April 5, 2024, the Earn-In Agreement was amended with Capella to acquire a 100% interest in the Capella Property (the "Purchase Agreement"). Whereas the Capella Property was initially subject to the two stage 51/80% earn-in agreement, the Purchase Agreement replaced the Earn-In Agreement in its entirety, and, upon completion of the transaction, the Company acquired 100% interest in the Capella Property with no further commitments due to Capella.

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**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**8. EXPLORATION AND EVALUATION ASSETS (continued)**

Under the terms of the Purchase Agreement, upon closing, the Company has paid Capella \$250,000 in cash and issued 1,100,000 common shares of the Company at the fair value of \$242,000 (the "Consideration Shares"). Capella will also receive a 2% net smelter royalty on the Project, half of which may be repurchased by the Company at any time in exchange for the payment of 1,000,000 Euro. The Consideration Shares are subject to a statutory four month hold period as well as contractual restrictions on resale.

*BB Gold Property*

On September 1, 2023, the Company completed an acquisition of seven mineral reservations located in northern and central Finland (Note 5). The Vendor was granted a 1% net smelter royal on six of the seven concessions.

*Champ Property*

The Company owns a 100% undivided interest in the Champ Property located in the Greenwood Mining District of British Columbia. The Company recorded a write-down of exploration and evaluation assets on the property of \$311,231 during the prior year ended May 31, 2024, reducing the capitalized cost of the project to \$Nil. The impairment was recorded based on management's decision to pursue its other mining projects in Finland. The impairment of \$311,231 was recognized on the Company's statement of loss and comprehensive loss for the year ended May 31, 2024. Although the Company will not expend further funds on the Champ Property, the concession claims remain in good standing in the event of any third-party interest in them.

**9. SHARE CAPITAL**

## a) Authorized

The Company's authorized capital consists of an unlimited number of common shares without par value.

On April 22, 2022, the Company entered into an escrow agreement with various security holders and an escrow agent. As of August 31, 2024, 695,588 (May 31, 2024 – 695,588) shares were held in escrow.

## b) Issued and outstanding

Share capital activities during the three months ended August 31, 2024, are as follows:

- During the quarter ended August 31, 2024, 368,332 share purchase' warrants were exercised for gross proceeds of \$55,537.
- On July 2, 2024, 100,000 restricted share units were converted into shares.

Share capital activities during the year ended May 31, 2024, are as follows:

- On May 22, 2024, 50,000 warrants were exercised for gross proceeds of \$7,500 at a price of \$0.15 per share.
- On May 8, 2024, 400,000 shares were issued as Restricted Share Units ("RSUs") were converted into shares.
- On April 18, 2024, the Company issued 1,100,000 common shares to Capella pursuant to the Purchase Agreement (see Note 9).
- On April 1, 2024, 60,000 shares were issued as RSUs were converted into shares.

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**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**9. SHARE CAPITAL (CONTINUED)**

## b) Issued and outstanding (continued)

- On March 12, 2024, the Company issued 150,000 common shares pursuant to the Capella Earn-In Agreement.
- On December 6, 2023, 50,000 warrants were exercised for gross proceeds of \$7,500 at a price of \$0.15 per share.
- On October 20, 2023, the Company completed a non-brokered private placement (the "Private Placement") consisting of 5,787,800 units ("Units") at a price of \$0.36 per Unit for total gross proceeds of \$2,083,608. Each Unit consists of one common share (a "Share") and one-half of a common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable for one additional common share at an exercise price of \$0.75 until October 20, 2026. In connection with the Private Placement, the Company paid aggregate cash finder's fees of \$145,152, issued 695,000 Shares with a fair value of \$264,100, and issued 14,000 finder's broker warrants with a fair value of \$2,926. The finder's warrants have the same terms of the Warrants forming part of the Units.
- On September 1, 2023, the Company completed an asset acquisition. Pursuant to the acquisition, the Company issued 1,250,000 common shares with a fair value of \$575,000 (Note 5).
- On June 22, 2023, the Company completed a non-brokered private placement (the "Private Placement"). Pursuant to the Private Placement, the Company issued 6,235,554 units ("Units") at a unit price of \$0.36 for gross proceeds of \$2,244,799. Each Unit consists of one common share of the Company and one half of a common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share at an exercise price of \$0.75 for a period of three years following closing. In connection with the Private Placement, the Company paid aggregate cash finder's fees of \$104,504 and issued 324,869 finder's broker warrants with a fair value of \$111,932. The finder's warrants have the same terms of the Warrants forming part of the Units.
- On June 5, 2023, 47,299 brokers' warrants were exercised to 47,299 common shares for gross proceeds of \$14,190 at an exercise price of \$0.30 per share.

## c) Restricted Share Units ("RSU")

The Company adopted a RSU plan during the year ended May 31, 2023 after the shareholders approved a new rolling 10% restricted share unit plan (the "RSU Plan"). The maximum number of Common Shares which may be issuable under the RSU Plan and any other "rolling up to 10%" plans adopted by the Company (including the Company's stock option plan), from time to time, shall be equal to a maximum of 10% of the total number of issued and outstanding Common Shares calculated on the date an RSU is granted. The RSU Plan is an "evergreen" plan meaning any RSU converted to Common Shares will, subject to the overall limit described above, make new grants available under the RSU Plan resulting in a reloading of the number of RSUs available for grant.

RSU activity during the three months ended August 31, 2024, are as follows:

- On July 2, 2024, 100,000 restricted share units were converted into shares.

RSU activity during the year ended May 31, 2024, are as follows:

- On September 18, 2023, the Company granted 100,000 RSUs to a consultant of the Company, which had a fair value of \$0.39 per RSU, all of which vest in one year from the grant date. The Company expensed \$17,416 included in share-based compensation expense for the year ended May 31, 2024 (2023 - \$nil) related to this grant.

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**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**9. SHARE CAPITAL (CONTINUED)**

## c) Restricted Share Units ("RSU") (continued)

- On July 17, 2023, the Company granted 50,000 RSUs to a consultant of the Company, which had a fair value of \$0.59 per RSU, all of which vest in one year from the grant date. The Company expensed \$18,266 included in share-based compensation expense for the year ended May 31, 2024 (2023 - \$nil) related to this grant.
- On June 5, 2023, 90,000 unvested RSUs were forfeited. The fair value of the unvested RSUs is \$10,179 and was reversed to profit or loss during the period.

A continuity schedule of the Company's outstanding restricted share units is as follows:

	Number outstanding	Weighted Average Fair Value (\$)
Balance, May 31, 2023	800,000	0.48
Granted	150,000	0.46
Forfeited	(90,000)	0.48
Exercised	(460,000)	0.48
Balance, May 31, 2024	400,000	0.46
Exercised	(100,000)	0.48
Forfeited	(150,000)	0.48
Balance, August 31, 2024	150,000	0.48
Exercisable, May 31, 2024	250,000	0.48
Exercisable, August 31, 2024	50,000	0.48

## d) Stock Options

There was no stock option activity during the three-month period ended August 31, 2024.

During the year ended May 31, 2024, the following stock option transactions occurred:

- On May 30, 2024, the Company granted 400,000 incentive stock options in accordance with the terms of its Omnibus Incentive Plan. The Options are exercisable at \$0.36 for a period of five years. The Options are subject to a one-year vesting period, with 25% of the Options vesting on August 30, 2024, and 25% vesting every three months thereafter.
- On April 30, 2024, the Company granted an aggregate of 1,150,000 stock options to its directors and officers. Each Option is exercisable to acquire one common share at an exercise price of \$0.36 for five years. The Options are subject to a one-year vesting period, with 25% of the Options vesting on July 30, 2024, and 25% vesting every three months thereafter.
- On September 18, 2023, the Company granted 150,000 stock options with an expiry date of September 18, 2028 and an exercise price of \$0.40 to an employee of the Company. The stock options had a fair value of \$46,481. 30,000 of these options vested immediately and 30,000 vests on December 18, 2023, March 18, 2024, June 18, 2024, and September 18, 2024. The options expire five years from the date of grant.
- On September 6, 2023, the Company granted 250,000 stock options with an expiry date of September 6, 2028 and an exercise price of \$0.41 to a director of the Company. The stock options had a fair value of \$80,521. 62,500 of these options vests on December 6, 2023, March 6, 2024, June 6, 2024, and September 6, 2024. The options expire five years from the date of grant.

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**European Energy Metals Corp.**

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**9. SHARE CAPITAL (CONTINUED)**

## d) Stock Options (continued)

- On July 17, 2023, the Company granted 100,000 stock options with an expiry date of July 17, 2028 and an exercise price of \$0.59 to a consultant of the Company. The stock options had a fair value of \$46,921. 50,000 of these options vested immediately and the remaining 50,000 vest on July 17, 2024. The options expire five years from the date of grant.

The stock options were valued using the Black-Scholes option pricing model using the following weighted average assumptions:

As at	May 31, 2024
Risk-free interest rate	2.79%
Dividend yield	0%
Expected volatility	127.36%
Expected life (years)	5
Forfeiture rate	0%

The expected volatility used for the stock options granted is based on the historical share prices of comparable companies.

Stock option transactions and the number of stock options outstanding are summarized below:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, May 31, 2023	500,000	0.15
Granted	2,050,000	0.40
Balance, May 31, 2024 & August 31, 2024	2,550,000	0.34

Additional information regarding stock options outstanding is as follows:

Expiry Date	Exercise Price (\$)	Number of Options
February 1, 2027	0.15	500,000
July 17, 2028	0.59	100,000
September 6, 2028	0.41	250,000
September 18, 2028	0.40	150,000
April 30, 2029	0.36	1,150,000
May 30, 2029	0.36	400,000
Balance, February 29, 2024		2,550,000

The weighted average remaining life of the stock options as of August 31, 2024 is 3.98 (May 31, 2024 – 4.36) years.

## e) Share Purchase Warrants

During the three-month period ended August 31, 2024, 368,332 warrants were exercised for proceeds of \$55,537 and 5,931,668 warrants expired and were removed from the Company's warrant register.

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**European Energy Metals Corp.**

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**9. SHARE CAPITAL (CONTINUED)**

## e) Share Purchase Warrants (continued)

Share Purchase Warrants transactions and the number of warrants outstanding are summarized below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2023	6,400,000	0.15
Granted	6,011,677	0.75
Exercised	(100,000)	0.15
Balance, May 31, 2024	12,311,677	0.44
Exercised	(368,332)	0.15
Expired	(5,931,668)	0.15
Balance, August 31, 2024	6,011,677	0.75

The number of Share Purchase Warrants outstanding are as follows:

Expiry Date	Exercise Price (\$)	Issued and Exercisable
June 22, 2026	0.75	3,117,777
October 20, 2026	0.75	2,893,900
Balance, August 31, 2024		6,011,677

The weighted average remaining life of the Share Purchase Warrants as of August 31, 2024 is 0.95 (May 31, 2024 – 1.20) years.

## f) Broker Warrants &amp; Compensation Warrants

During the three-month period ended August 31, 2024, 918,799 Broker and Compensation Warrants expired and were removed from the Company's warrant register.

During the year ended May 31, 2024 the Company issued 338,869 Compensation Warrants with an exercise price of \$0.75 per common share.

The Broker Warrants & Compensation Warrants were valued using the following Black-Scholes option pricing model using the following weighted average assumptions:

	May 31, 2024
Risk-free interest rate	4.15-4.44%
Dividend yield	0%
Expected volatility	99-104%
Expected life (years)	3
Forfeiture rate	0%

The expected volatility used for the brokers' warrants granted is based on the historical share prices of comparable companies.

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**European Energy Metals Corp.**

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**9. SHARE CAPITAL (CONTINUED)**

## f) Broker Warrants &amp; Compensation Warrants (continued)

Broker Warrants and Compensation Warrants transactions and the number of warrants outstanding are summarized below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2023	966,098	0.30
Granted	338,869	0.75
Exercised	(47,299)	0.15
Balance, May 31, 2024	1,257,668	0.31
Expired	918,799	0.15
Balance, May 31, 2024	338,369	0.75

The number of Broker and Compensation warrants outstanding are as follow:

Expiry Date	Exercise Price (\$)	Issued and Exercisable
June 22, 2026	0.75	324,869
October 20, 2026	0.75	14,000
Balance, August 31, 2024		338,369

The weighted average remaining life of the brokers' warrants as of August 31, 2024 is 0.48 (May 31, 2024 – 0.73) years.

**10. RELATED PARTY BALANCES AND 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. 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.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Three months ended	August 31, 2024	August 31, 2023
	\$	\$
Management fees	70,500	63,000
Office and accounting	-	9,927
Office – Rental Expense	2,286	2,286
Share-based payments	49,656	73,802

The Company entered into a month-to-month office sublease agreement on February 1, 2022 with a director and officer of the Company with a rate of \$762 per month, which is recognized in office and accounting expense.

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**European Energy Metals Corp.**

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For the three months ended August 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

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**10. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**

At August 31, 2024, \$8,925 (August 31, 2023 - \$24,232) related to management fees and professional fees remained in accounts payable and accrued liabilities.

**11. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

**12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK***Fair value*

As at August 31, 2024, the Company's financial instruments consist of cash, accounts receivable and accounts payable.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.
- Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).
- Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair value of cash is based on Level 1 inputs. There are no Level 2 or Level 3 financial instruments.

The Company's financial instruments include cash, accounts receivable and accounts payable. Cash is measured at fair value and accounts receivable and account payable are measured at amortized cost.

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash. To minimize the credit risk, the Company places its cash with high quality financial institutions.

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**European Energy Metals Corp.**

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**12. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)***Liquidity risk*

The Company manages liquidity risk through the management of its capital structure, as outlined in Note 11. The Company monitors its ability to meet its short-term exploration and administrative expenditure requirements by raising additional funds through share issuances when required and when available (Note 1).

*Foreign exchange risk*

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates.

The Company operates in Canada and Finland and is exposed to foreign exchange risk related to changes in the Canadian dollar to Euros exchange rate. The Company is exposed to currency risk related to changes in rates of exchange between foreign denominated balances and the functional currencies of the Company's principal operations. The Company's operating expenditures on its Capella Property and BB Gold Property are primarily denominated in Euros. A significant change in the currency exchange rates between Canadian dollars and Euros could have a material effect on the Company's cost of exploration activities in Finland.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk.

**13. SUBSEQUENT EVENTS**

On September 23, 2024, the Company completed a non-brokered private placement offering in two tranches. The Company issued a total of 16,465,000 Units (as defined below) at a price of \$0.125 per unit, raising gross proceeds of \$2,058,125. Each Unit consists of one common share and one-half of a common share purchase warrant (a "Unit"), with each whole warrant exercisable to acquire one additional share at an exercise price of \$0.20. The warrants issued in the first tranche expire on September 9, 2026, while those from the second tranche expire on September 23, 2026. In connection with the first tranche, the Company paid a finder's fee consisting of a cash commission of \$131,119 and has also issued 1,157,000 shares and 239,050 non-transferable warrants with the same terms as the warrants issued to the subscribers in the first and second tranche above. The net proceeds will be used for exploration work and working capital.

On October 30, 2024, the Company announced the filing of a Notice of Alteration to change its name from "European Energy Metals Corp." to "Grit Metals Corp." The Company's common shares will commence trading on a post-name basis at the opening of the market on November 4, 2024, under the same trading symbol "FIN".