("EVX" or "the Company")

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTH PERIOD ENDED JANUARY 31, 2020

Introduction

This Management's Discussion and Analysis ("MD&A") of European Electric Metals Inc. (formerly Tirex Resources Ltd.) including its wholly owned subsidiaries, EVX Explorations Sh.p.k., (incorporated in Albania), Tirex Resources (BVI No.1) Ltd. (incorporated in British Virgin Islands), and Tirex Resources (BVI No.2) Ltd. (incorporated in British Virgin Islands) and EVX Portugal, Unipessoal, LDA (incorporated in Portugal) is the responsibility of management and covers the three and nine month period ended January 31, 2020. The MD&A takes into account information available up to and including March 20, 2020, and should be read together with the condensed consolidated interim financial statements for the period ended January 31, 2020 and with the audited consolidated financial statements for the years ended April 30, 2019 and 2018 which are available on the SEDAR website at www.sedar.com.

Throughout this document the terms *we, us, our, the Company* and *EVX* refer to European Electric Metals Inc. All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") and is presented in Canadian dollars unless otherwise indicated.

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements."

Description of Business

The Company's main business is the investigation, acquisition and exploration of natural resource properties in Portugal. The Company currently has one main project:

- Borba 2 Cu Project: The Company has an agreement to acquire an advanced stage copper project in Portugal.

Refer to the "Outlook" and "Exploration Summary" sections below for a description of the properties and for more information.

Performance Summary and Subsequent Events

During the nine month period ended January 31, 2020, the Company:

- Announced that it is not proceeding with the acquisition of Skroska. EVX has been unable to find potential interested purchasers of the laterite material at purchase prices to warrant further analysis of the project.

- Announced that Fred Sveinson resigned as a Director. The Company thanked Mr. Sveinson for his invaluable services during the last nine years.

- Announced it is not proceeding with the Rehova project. Based on the drilling results to date and an analysis of all data, there is not enough information to support a production decision.

- Announced that Chris Donaldson resigned from the board of directors. The Company thanks Mr. Donaldson for his contributions to the board and wishes him success in future endeavours.

Unless described elsewhere in this report, there were no other significant events or transactions during or subsequent to the period to the date of this report.

Outlook

The Company is awaiting the issuance of the Borba 2 licenses and will continue to seek capital to advance the Borba 2 project and for office and administrative expenditures. In addition to the Borba 2 project, the Company will continue project investigation activities to identify new projects.

In May 2018 the Company announced it had entered into an agreement to acquire the Borba 2 license, a advanced stage copper asset with historic production. Borba 2 is located approximately 160km east of Lisbon, Portugal. The application for the 329 sqkm (3,290 ha) Borba 2 ("Borba 2") license is well advanced and now waiting for the State Secretary of Energy to set the date of signing

EXPLORATION SUMMARY

Borba 2 Project

The Company entered into an agreement to acquire the Borba 2 project in Portugal, during the first quarter of 2018. The Company is still awaiting the issuance of the license before completing the acquisition and commencing field activities. During the second quarter of 2018 the Company visited the project and commenced a desk-top review of past exploration and mining activity. Upon issuance of the license the Company intends to carry out field activities including mapping, surveying, sampling and geophysics to identify new targets and to assess the known historic deposit and potential extensions. EVX also plans to explore for mineralization similar to the Miguel Vacas and Bugalho deposits (shallow shear-hosted copper mineralization) outside the known mineralized areas.

Please refer to the full news releases which are available on the Company's website or at www.sedar.com

Future Exploration Plans

Plans for work in the coming year on Borba 2 are subject to receipt of the final licenses, the necessary work permits and are subject to financing, and include compilation of historic data, ground geophysics, mapping and confirmation drilling. The Company has not incurred any material expenditures to date in Portugal.

Fred Tejada, P.Geo., a Qualified Person under the meaning of Canadian National Instrument 43-101 and an officer of EVX, is responsible for the technical content of this Management's Discussion and Analysis.

Results of Operations

The condensed consolidated interim financial statements reflect the financial condition of the Company's business for the period ended January 31, 2020. The significant events during the period which impact the financial results of the Company are discussed above in the performance summary.

During the nine month period ended January 31, 2020, the Company incurred a net loss of $431,781 as compared to a net loss of $2,357,153 for the period ended January 31, 2019. This included exploration expenditures on the former Albanian project of $130,717 (2019 - $509,525). Refer to the financial statements for a breakdown of the exploration expenditures incurred during the period.

General expenses totaled $315,480 for the period ended January 31, 2020 compared to $1,843,619 for the period ended January 31, 2019. The overall decrease was due to drop in activity during the current year. During the quarter ended July 31, 2019 the Company made the decision to discontinue its option agreement on the Skroska project and to abandon the Rehova project. General and administrative activity and overall operating expenses were significantly lower commensurate with the decrease in the Company's exploration activity. General expenses included $nil (2019 - $164,154) of non-cash transactions relating to the granting and vesting stock option grant. General expenses with significant changes include:

- Directors fees decreased by $37,000 to $60,500 (2019 - $97,500) due to the resignation of two of the directors.
- The Company incurred investor relations and shareholder communication fees of $2,502 (2019 - $940,500). During the comparative period, the Company incurred higher fees as it focused on promotion and dissemination of information relating to its refinancing, name change, and new exploration projects.
- Management and consulting fees decreased by $96,575 to $45,300 (2019 – $141,875). As the Company focuses on working capital optimization, it has scaled back its management and consulting fees.
- Professional fees decreased by $62,158 to $135,751 (2019 - $197,909). In the comparative period, the Company incurred higher fees, primarily related to the acquisition of new mineral projects.
- Travel expenditures decreased to $15,849 (2019 – $211,360). This decrease is correlated to the overall decrease in exploration activity and corporate activity.

During the current period, the Company recorded a foreign exchange gain of $2,468 (2019 – Loss of $13,009) resulting from fluctuations in foreign denominated accounts payable and accrued liabilities. The Company also recorded a gain on the settlement of debt of $6,187 (2019 – $nil)

Summary of Quarterly Results

The following table summarizes the quarterly results for each of the three-month periods ended:

	January 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019
Total assets	$ 23,838	$ 17,881	$ 23,326	$ 28,553
Working capital (deficiency)	(1,451,854)	(1,355,241)	(1,203,173)	(1,020,073)
Shareholders equity (deficiency)	(1,451,854)	(1,355,241)	(1,203,173)	(1,020,073)
Exploration expenditures	-	43,061	81,895	202,934
Net loss	(96,613)	(152,068)	(183,100)	(333,549)
Net loss per share - basic	(0.00)	(0.00)	(0.00)	(0.01)
	January 31, 2019	**October 31, 2018**	**July 31, 2018**	**April 30, 2018**
Total assets	$ 123,025	$ 259,592	$ 870,980	$ 1,583,412
Working capital (deficiency)	(690,484)	(245,518)	554,797	1,011,715
Shareholders deficiency (deficiency)	(690,484)	(242,518)	554,797	1,011,715
Exploration expenditures	130,717	97,955	280,853	850,138
Net loss	(839,474)	(850,179)	(667,500)	(2,900,888)
Net loss per share - basic	(0.02)	(0.02)	(0.02)	(0.07)

The following table shows the key identifiable factors that significantly affect changes in EVX's net loss and loss per share over the eight most recent quarters:

	January 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019
Share-based payments	$ -	$ -	$ -	$ 3,960
Office and miscellaneous	1,992	8,027	4,243	359
Investor relations and shareholder communications	270	1,182	1,050	110,238
Travel & trade show	-	11,489	4,354	(6,946)
Management and consulting	11,362	10,313	23,625	(19,000)
Loss (gain) on settlement of payables / receivables	-	(6,187)	-	(44,105)
	January 31, 2018	October 31, 2018	July 31, 2018	April 30, 2018
Share-based payments	$ 76,508	$ 52,864	$ 34,782	$ 1,168,927
Office and miscellaneous	15,999	15,249	12,608	36,327
Investor relations and shareholder communications	393,728	449,123	97,543	200,206
Travel & trade show	60,462	80,701	70,197	63,370
Management and consulting	40,625	50,625	50,625	213,750
Loss (gain) on settlement of payables / receivables	-	1,816	-	(197,434)

Discussion of Quarterly Results

The variability in EVX's net loss over the last eight quarters resulted primarily from the changing levels in our exploration program, valuation of the derivative liability, accretion and interest on the convertible debenture, valuation of marketable securities, share-based compensation and office and administrative expenses. Changing levels in exploration program and general and administrative costs fluctuate independently according to field activities at our properties or general corporate activities. During the quarter ended July 31, 2019 the Company made the decision to discontinue its option agreement on the Skroska project and to abandon the Rehova project. General and administrative activity and overall operating expenses were significantly lower commensurate with the decrease in the Company's exploration activity.

Liquidity

EVX's mineral exploration and development activities do not provide a source of income and we therefore have a history of losses, working capital deficiencies and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide a complete interpretation of our valuation.

As at January 31, 2020, the Company had a working capital deficit of $1,451,854. This balance included a cash balance of $2,388 (April 30, 2019 - $16,799) to settle current liabilities of $1,475,692 (April 30, 2019 - $1,048,626) and receivables and prepayments of $21,450 (April 30, 2019 - $11,754).

To maintain liquidity in the future, the Company continues to investigate additional projects and financing opportunities and would consider raising capital via share issuances, additional debt facilities, joint venture arrangements, or a combination of these options. The Company has financed its operations to date primarily through the issuance of common shares, convertible debentures and loans payable.

Operating Activities: The Company does not generate cash from operating activities. Net cash used in the Company for operating activities, which includes exploration activities, for the period ended January 31, 2020 was $14,411 compared to $1,824,947 used for the period ended January 31, 2019.

Investing Activities: There were no investing activities during the period or comparative period.

Financing Activities: During the period ended January 31, 2020 the company did not have any financing activities. During the period ended January 31, 2019 the company received proceeds on the issuance of shares of $490,800.

The 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 for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital.

Related Party Transactions

The consolidated financial statements include the financial statements of the Company and its 100% owned subsidiaries:

Company	**Place of Incorporation**	**Effective Interest**	**Principal Activity**
Tirex Resources Sh.p.k	Albania	100%	Exploration and Evaluation
Tirex Resources (BVI No.1) Ltd	British Virgin Islands	100%	Inactive
Tirex Resources (BVI No.2) Ltd	British Virgin Islands	100%	Inactive
EVX Portugal, Unipessoal LDA	Portugal	100%	Inactive

During the year period ended January 31, 2020, the Company paid or accrued:

a) Fees of $82,500 (2019 - $123,750) to Fred Tejada, an officer and director of the Company, of which $41,250 (2018 - $61,875) is recorded in exploration expenditures and $41,250 (2019 - $61,875) in management fees.

b) Professional fees of $112,500 (2019 - $112,500) to Shoni Bernard, an officer of the Company and Red Fern Consulting Ltd., a company controlled by Jonathan Richards, an officer of the Company.

c) Directors fees of $60,500 (2018 - $97,500) to directors of the Company.

d) Recorded share-based compensation of $nil (2019 - $66,842) relating to stock options granted to a director of the Company.

Included in accounts payable and accrued liabilities is $707,339 (April 30, 2019 - $415,012) due to officers, former officers and directors of the Company.

Outstanding Share Data

As at the date of this report the Company had 43,063,125 common shares issued and outstanding.

The following incentive stock options and share purchase warrants were outstanding at the date of this report:

	Number	Exercise price	Expiry date
Stock options			
	200,000	$ 0.50	April 26, 2020
	25,000	2.50	June 5, 2020
	6,250	0.50	June 5, 2020
	3,345,000	0.50	April 26, 2023
	150,000	0.25	October 26, 2023
	240,000	0.30	November 1, 2023
Share purchase warrants			
	630,000	0.35	December 7, 2020

Contractual Obligations

Except as described herein or in the Company's consolidated financial statements at January 31, 2020, the Company had no material contractual obligations.

Off-Balance Sheet Arrangements

At January 31, 2020, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Proposed Transactions

Except as elsewhere disclosed in this document, there are no other proposed transactions under consideration.

Capital Resources

The Company has no commitments for capital expenditures at the date of this report.

The Company will continue to seek capital. In the past the Company has raised capital public markets by issuing common shares pursuant to private placements, through the issuance of convertible debentures and through loans payable. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

Risk Factors

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices, changes in laws and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions. Risks and uncertainties the Company considers material in assessing its financial statements are described below. *EVX will require additional funding.*

At January 31, 2020, the Company held cash of $2,388 and accounts payable and accrued liabilities of $1,475,692. The Company will require additional funding and has historically relied upon equity subscriptions and the convertible debenture to satisfy its capital requirements and will likely continue to depend upon these sources to finance its activities. There can be no assurances that the Company will be successful in raising the desired level of financing on acceptable terms.

EVX is subject to government regulation.

The Company's mineral exploration is, and any development activities will be, subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Exploration, development and mining activities can be hazardous and involve a high degree of risk.

The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of base or precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations, if any, are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

EVX may be adversely affected by fluctuations in copper, cobalt and other metal prices.

The value and price of the Company's common shares, the Company's financial results, and exploration, development and mining activities of the Company, if any, may be significantly adversely affected by declines in the price of copper. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of mineral producing countries throughout the world.

Infrastructure

Exploration, development and ultimately mining and processing activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable air service, roads, bridges, power sources and water supply are significant contributors in the determination of capital and operating costs. Inadequate infrastructure could significantly delay or prevent the Company exploring and developing its projects and could result in higher costs.

EVX does not and likely will not insure against all risks.

The Company's insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to environmental liability or other hazards which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause EVX to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

EVX may be subject to disputes.

The Company may be involved in disputes with other parties in the future, which may result in litigation or arbitration. The results of litigation or arbitration cannot be predicted with certainty. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company.

All industries, including the mining industry, are subject to legal claims that are with and without merit. Due to the inherent uncertainty of the litigation process and dealings with regulatory bodies, there is no assurance that any legal or regulatory proceeding will be resolved in a manner that will not have a material and adverse effect on the Company.

EVX is dependent on key personnel.

The Company's success depends in part on its ability to recruit and retain qualified personnel. Due to its relatively small size, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company. In addition, despite its efforts to recruit and retain qualified personnel, even when those efforts are successful, people are fallible and human error could result in a significant uninsured loss to the Company.

EVX's officers and directors may have potential conflicts of interest.

EVX's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. However, applicable law requires the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders and in the case of directors, to refrain from participating in the relevant decision in certain circumstances.

Permits, licenses and approvals

In countries where we carry out exploration activities, the mineral rights or certain portions of them are owned by the relevant governments. These governments have entered into contracts with us, or granted permits or concessions that allow us to carry out operations or development and exploration activities there, but government policy could change. Any change that affects our rights to conduct these activities could have a material and adverse effect on the Company.

In addition, mineral exploration and mining activities can only be conducted by entities that have obtained or renewed exploration or mining permits and licenses in accordance with the relevant mining laws and regulations. The duration and success of each permitting effort are contingent upon many factors we do not control. In the case of foreign operations, governmental approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. There may be delays in the review process. There is no guarantee that we will be granted the necessary permits and licenses, that they will be renewed, or that we will be in a position to comply with all conditions that are imposed.

All mining projects require a wide range of permits, licenses and government approvals and consents. It is not certain that we will be granted these at all, or in a timely manner. If we do not receive them for our mineral projects or are unable to maintain them, it could have a material and adverse effect on the Company.

Joint venture partners

Mining projects are often conducted through an unincorporated joint venture or an incorporated joint venture company. Joint ventures often require unanimous approval of the parties or their representatives for certain fundamental decisions like an increase (or decrease) in registered capital, a merger, division, dissolution, amendment of the constitutional documents, and pledge of the joint venture assets, which means that each party to the joint venture has a right to veto any of these decisions, which could lead to a deadlock. We are subject to a number of additional risks associated with joint ventures, including:

- disagreement with a joint venture partner about how to develop, operate or finance the project;
- that a joint venture partner may at any time have economic or business interests or goals that are, or become, inconsistent with our business interests or goals;
- that a joint venture partner may not comply with the agreements governing our relationship with them;
- disagreement with a joint venture partner over the exercise of such joint venture partner's rights under the agreements governing our relationship;
- the possibility that a joint venture partner may become insolvent;
- the possibility that we may not be able to sell our interest in a joint venture if we desire to exit the joint venture; and
- possible litigation with a joint venture partner over matters related to the project.

Title to our mineral properties

We have investigated title to all of our mineral properties and, to the best of our knowledge we have or are entitled to title to all of our properties subject to the terms described in the MD&A and in our financial statements dated April 30, 2019. Challenges may be made to the title to any of our properties and, if successful, they could impair development and/or operations at our mines or projects. There is no assurance that title to any of our properties will not be challenged.

New laws and regulations, or amendments to laws and regulations relating to mineral tenure and land title and usage, including expropriations and deprivations of contractual rights, if proposed and enacted, may affect our rights to our mineral properties. There is no assurance that we will be able to operate our properties as currently permitted or that we will be able to enforce our rights with respect to our properties.

Corruption and bribery

Our operations are governed by, and involve interactions with, many levels of government in foreign countries. We may not be able to complete some business transactions if we are subject to corruption or demands for bribes. Like most companies, we are required to comply with anti-corruption and anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act, as well as similar laws in the countries in which we conduct our business. In recent years, there has been a general increase in both the severity of penalties and frequency of enforcement under such laws, resulting in greater punishment and scrutiny to companies convicted of violating anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also any third party agents. If we find ourselves subject to an enforcement action or are found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions being imposed on us resulting in a material adverse effect on the Company.

Reputational risk

Damage to our reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although we believe that we operate in a manner that is respectful to all stakeholders and take care in protecting our image and reputation, we do not have control over how we are perceived by others. Any reputation loss could result in decreased investor confidence and increased challenges in developing and maintaining community relations which may have adverse effects on the Company and the price of the Company's securities.

Changes in Accounting Policies including Initial Adoption

The accounting policies applied in preparation of these consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended April 30, 2019, except for the following:

IFRS 16 – Leases

The Company adopted IFRS 16 - Leases ("IFRS 16") on May 1, 2019. The objective of the new standard is to eliminate the classification of leases as either operating or financing leases for a lessee and report all leases on the statement of financial position. The only exemption to this will be for leases that are one year or less in duration or for leases of assets with low values. Under IFRS 16 a lessee is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligations to make lease payments. IFRS 16 also changes the nature of expenses relating to leases, as lease expenses previously recognized for operating leases are replaced with depreciation expense on capitalized right-of-use assets and finance or interest expense for the corresponding lease liabilities associated with the capitalized right-of-use leased assets.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS pronouncement has therefore not resulted to adjustments in previously reported figures and there has been no change to the opening deficit balance as at May 1, 2019.

The following leases accounting policies have been applied as of May 1, 2019 on adoption of IFRS 16. For comparative periods prior to 2019, we applied leases policies in accordance with IAS 17, Leases and IFRS 4, Determining Whether an Arrangement Contains a Lease.

At inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We asses weather the contract involves the use of an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if we have the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, we allocate the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, we recognize a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

As part of the initial application of IFRS 16, we have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit on a straight-line basis over the lease term.

Critical Accounting Policies and Estimates

EVX's accounting policies are described in Notes 2 and 3 of its annual audited consolidated financial statements for the year ended April 30, 2019. Management considers the following policies to be the most critical in understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and cash flows:

Use of Estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, 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:

The carrying value and recoverability of mineral properties requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project.

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Share based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the profit and loss statement. The Company expenses costs related to the exploration and development of mineral properties and they are incurred.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial mining, or alternatively, sale of the respective areas of interest.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. When vested options are forfeited or not exercised at the expiry date the amount previously recognized in share-based payments is revised from share-based payment reserve to deficit. Amounts recorded for forfeited or expired unexercised warrants are transferred to share capital.

Note Regarding Forward-Looking Statements

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.

The factors that could cause actual results to differ materially include, but are not limited to, the following: EVX has no assurance that the licenses will be issued nor if issued, that they will be issued in a timely manner, general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in the supply, demand and pricing of the metal commodities which the Company hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties.

This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements.

This MD&A contains certain forward-looking statements. Although forward-looking statements and information contained in this MD&A are based on the beliefs of EVX management, which we consider to be reasonable, as well as assumptions made by and information currently available to EVX management, there is no assurance that the forward-looking statement or information will prove to be accurate. The forward-looking statements and information contained in this MD&A are subject to current risks, uncertainties and assumptions related to certain factors including, without limitations, obtaining all necessary approvals, feasibility of mine and plant development, exploration and development risks, expenditure and financing requirements, title matters, operating hazards, metal prices, political and economic factors, competitive factors, general economic conditions, relationships with vendors and strategic partners, governmental regulation and supervision, seasonality, technological change, industry practices, and one-time events as well as risks, uncertainties and other factors discussed in our quarterly and annual and interim management's discussion and analysis. Should any one or more of these risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements and information may vary materially from those described herein. Accordingly, readers should not place undue reliance on forward-looking statements and information contained in this MD&A. We undertake no obligation to update forward-looking statements or information except as required by law. The mineral resources referred to in this document are historical in nature, and EVX has not reported any current mineral resource (as defined in NI 43-101) and there are no NI 43-101 compliant technical reports prepared in respect thereto.