Trading Symbol (TSX-V: AVU / FRANKFURT: 8AM)
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AVRUPA MINERALS LTD.
(An Exploration Stage Company)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Avrupa Minerals Ltd. ("Avrupa" or the "Company") and has been prepared based on information known to management as of April 27, 2017. This MD&A is intended to help the reader understand the consolidated financial statements of Avrupa.

The following information should be read in conjunction with the audited consolidated financial statements as at December 31, 2016, 2015 and 2014 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A provides a review of the performance of the company for the year ended December 31, 2016. Additional information relating to the Company can be found on SEDAR www.sedar.com.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review the consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future financial results. Consequently, certain statements contained in this MD&A constitute express or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

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The following forward looking statements have been made in this MD&A:

- Impairment of long-lived assets;
- The Company's assumptions and estimates used in its Technical Report filed on July 5, 2010, as well as the potential resource estimates and interpretations from that Technical Report;
- The progress, potential and uncertainties of the Company's mineral properties in Portugal, Kosovo and Germany; and
- Expectations regarding the ability to raise capital and to continue its exploration and development plans on its properties.

ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com, and/or on the Company's website at www.avrupaminerals.com.

SUMMARY AND OUTLOOK

The Company is a growth-oriented junior exploration and development company focused on discovery, using a prospect generator model, for valuable mineral deposits in politically stable and prospective regions of Europe, including Portugal, Kosovo and Germany.

The Company currently holds 9 exploration licenses in three European countries, including six in Portugal covering 3,268 km^2, two in Kosovo covering 47 km^2, and one in Germany covering 307 km^2. Avrupa operates two joint ventures, including:

- Avrupa's partner at the **Slivovo Gold Project** in Kosovo is fully funding the program, allowing Avrupa to dilute its ownership in the JV operating company Peshter Mining JSC. If AVU ownership goes below 10%, the interest in the project converts to a 2% NSR.
- The **Alvito Option Agreement** with OZ Minerals Limited covering one license in the Ossa Morena Zone in southern Portugal, for IOCG deposits;
- The **Covas JV**, with Blackheath Resources, covering one license in northern Portugal, for intrusion-related W deposits; and
- The **Alvalade JV**, with Colt Resources, covering one license in the Iberian Pyrite Belt of southern Portugal, for Zn/Cu-rich massive sulfide deposits. The partner is currently in default under the terms of the JV agreement, and Avrupa is working on a route to consolidation of the program;

Avrupa is currently upgrading precious and base metal targets to JV-ready status in a variety of districts on their other licenses, with the idea of attracting potential partners to project-specific and/or regional exploration programs.

During the year ended December 31, 2016, the Company continued to carefully manage its cash and corporate overhead activities. Detailed Mineral Property information, including 2016 activity, can be found in Section 3.

Management's overall expectations for the Company are positive, due in part to the following factors:

- The Company's capability to continue to look for option partners as evidenced by the recently announced Alvito option arrangement with OZ Minerals.
- The Company accepted Slivovo Gold Project Study from Byrnecut and approved $8 million drill program. Byrnecut now holds 85% interest of Peshter Mining J.S.C.
- The Company established a joint venture with Blackheath on its Covas property in Portugal after Blackheath spending €1,320,000 in exploration on the property to earn 75%.
- The Company's continued effort in working towards a consolidation program for the Alvalade license in the Iberian Pyrite Belt of southern Portugal.
- The Company completed a non-brokered private placement issuing 13,547,000 units at a price of $0.10 per unit for gross proceeds of $1,354,700 in July 2016.
- The Company issued common shares pursuant to the exercise of 4,573,000 warrants for cash proceeds of $685,950, the exercise of 200,000 stock options for cash proceeds of $20,000 and the exercise of 453,000 finder's options for cash proceeds of $45,300.
- The Company is highly experienced in Europe and is negotiating additional ventures on its existing portfolio of properties.

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TABLE OF CONTENTS

1. Background

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia.

On July 13, 2010, the Company acquired (a) 90% of the issued and outstanding shares in MAEPA and (b) 92.5% of the issued and outstanding shares of Innomatik Exploration Kosovo LLC, a private Kosovo company ("Innomatik") and began trading on the TSX Venture Exchange under the symbol "AVU" as of July 14, 2010. In April 2012, the Company acquired the remaining 10% of MAEPA to own 100% interest in MAEPA from its non-controlling interest owner. On August 20, 2013, the Company acquired the remaining 7.5% of Innomatik to own 100% interest in Innomatik from its non-controlling interest owners.

The Company and its subsidiaries' principal activities are to locate, explore and develop the mineral resources properties in Europe.

In September 2012, the Company secured a listing in Europe and began trading on the Frankfurt Stock Exchange under the trading symbol "8AM".

2. Overview

2(a) Company Mission and Focus

The Company is focused on exploring and developing economic mineral projects in Europe as a "prospect generator" company. The Company plans to explore different stages exploration projects, and to acquire and option out these exploration projects, while keeping a retained interest.

2(b) Qualified Person

Mr. Paul W. Kuhn, M.Sc., a Licensed Professional Geologist and a Registered Member of The Society of Mining Engineers, is a Qualified Person, as defined by National Instrument 43-101. Mr. Kuhn has reviewed the technical contents of this MD& A.

2(c) Description of Metal Markets

Market interest for all metals such as gold and copper is volatile and the Company will monitor its resources relative to its opportunities during the coming fiscal year.

2(d) Use of the terms "Mineral Resources" and "Mineral Reserves"

Any reference in this MD&A to Mineral Resources does not mean Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

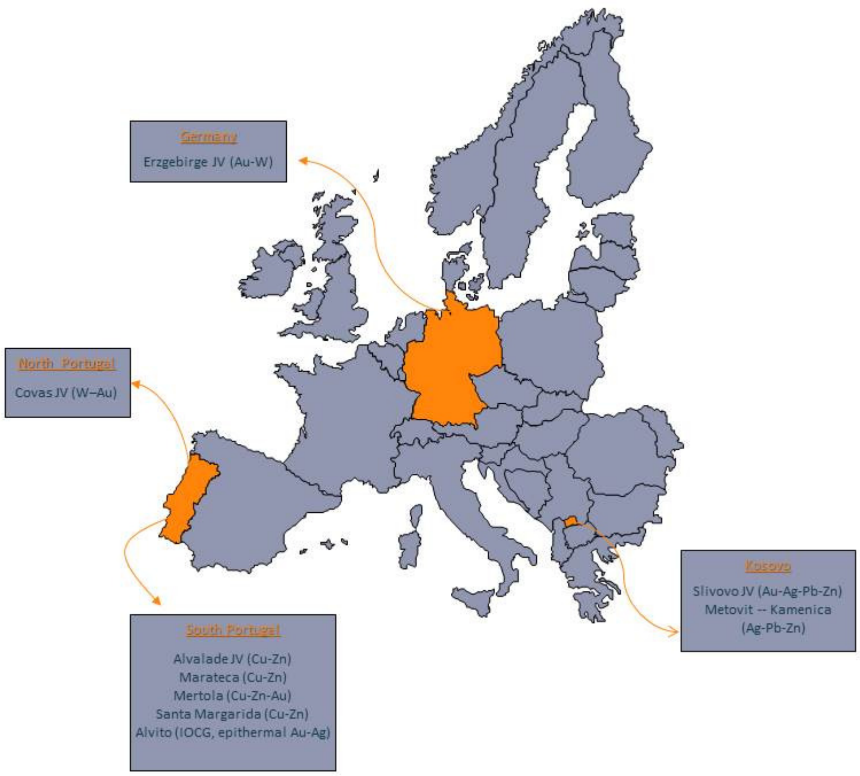
Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

2(e) Historical estimates are not NI 43-101 compliant

The historical estimates contained in this MD&A have not been calculated in accordance with the mineral resources or mineral reserves classifications contained in the CIM Definition Standards on Mineral Resources and Mineral Reserves, as required by National Instrument 43-101 ("NI 43-101"). Accordingly, the Company is not treating these historical estimates as current mineral resources or mineral reserves as defined in NI 43-101, and such historical estimates should not be relied upon. A qualified person has not done sufficient work to date to classify the historical estimates as current mineral resources or mineral reserves.

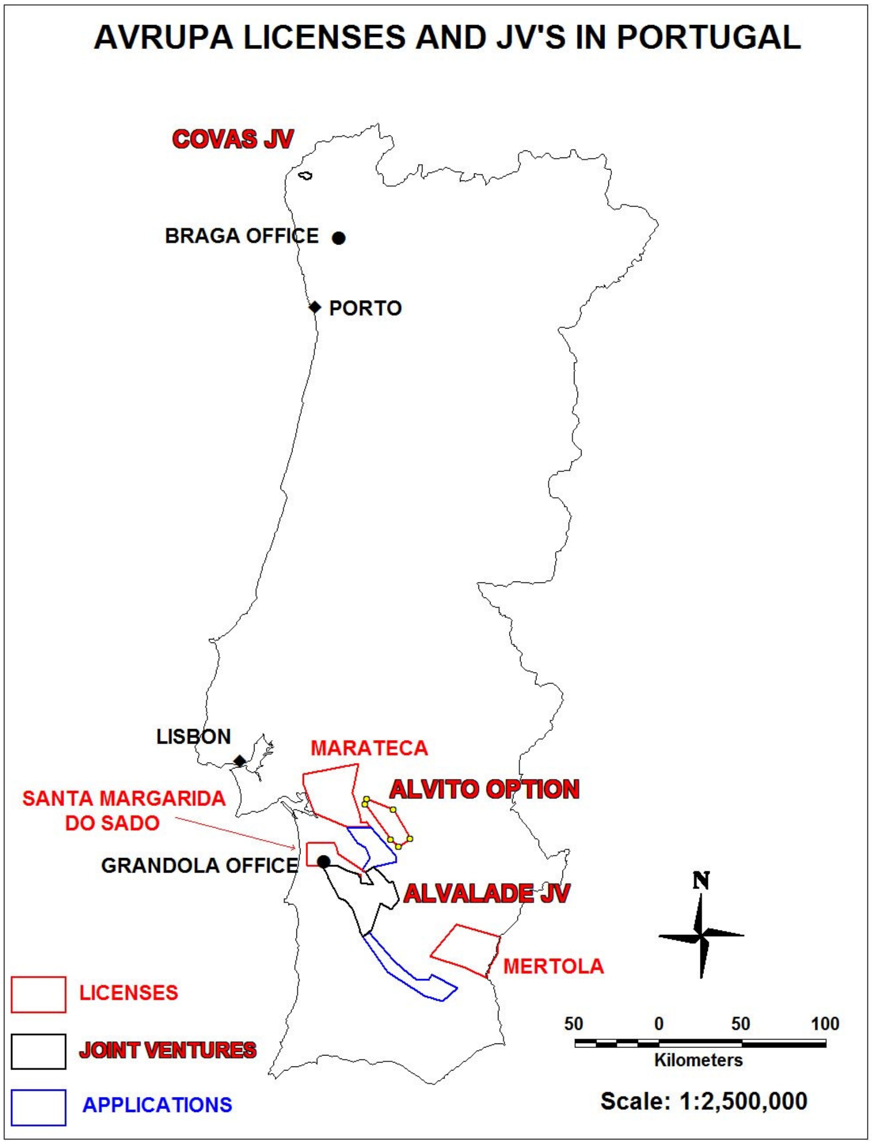
3. Mineral Properties

The following is a brief description of the Mineral Properties owned by the Company. Additional information can be obtained from the Company's website (www.avrupaminerals.com).



3(a) Portugal

The Company through its wholly-owned subsidiary MAEPA Lda., is currently focused in the Portuguese portion of the Iberian Pyrite Belt, a district with over 2,000 years of mining history from at least Roman times.



a) Alvalade JV Project with Colt

The Company first entered into a Joint Venture agreement with Antofagasta Minerals S.A. ("Antofagasta") to undertake exploration on the Alvalade project in 2011 and on January 27, 2015, the two parties signed a second amended Joint Venture agreement, which allows for more interim funding by Antofagasta, an expanded time frame in which to get a feasibility study decision, and a means for the Company to be carried to production, if there is a production decision to be made for the project.

On August 31, 2015, the Company signed an agreement with Colt Resources Inc. ("Colt") and Antofagasta, whereby Colt purchased Antofagasta's 60% interest in the Alvalade property. With the assignment agreement, Colt is the optionee partner with the Company under the existing earn-in agreement which was last amended in January 2015. Colt can earn up to 80% of the JV through a combination of exploration expenditures, completion of a feasibility study, and generation of a mine development decision by the end of the year.

On March 3, 2017, the Company announced that Colt is in default under the terms of the JV agreement and the Company is working on a route to consolidation of the program.

Prior to Colt being in default of the JV agreement, on February 3, 2016, the Company announced results from exploration drilling at the Sesmarias target area within the Alvalade Joint Venture in the Pyrite Belt of south Portugal which is operated by Avrupa and funded by partner Colt.

Analytical results from four diamond drill holes completed in late 2015 in the area of previously-drilled SES010 (58 meters @ 0.32% Cu, 0.61% Pb, 1.95% Zn, 0.45 g/t Au, 25 g/t Ag) confirm and extend the massive sulfide lens to a present length of 300 meters with a 35-40 meter thickness. The lens is open to the northwest and down dip to the northeast. Following are the results from the recent drilling.

Drill hole ID	From (m)	To (m)	Intercept (m)	Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (ppm)
SES019	263.50	315.20	51.70	0.44	0.75	2.71	0.40	17.35
including	264.15	299.05	34.90	0.40	0.99	3.46	0.38	20.67
and including	280.45	290.95	10.50	0.36	1.71	5.18	0.37	21.71
SES020	277.85	287.55	9.70	0.25	0.57	0.99	0.47	24.70
	297.70	319.95	22.25	0.55	0.59	0.66	0.53	20.54
	325.00	334.10	9.10	0.32	0.14	0.52	0.68	11.31
	337.85	356.65	18.80	0.33	0.14	0.64	0.26	6.40
SES021	262.85	277.65	14.80	0.36	0.29	0.40	0.43	9.82
SES022	323.90	376.00	52.10	0.43	0.49	0.98	0.62	17.31

Table 1. New drill intercepts from the SES010 lens at Sesmarias

Results from recently-completed downhole geophysics, utilizing the "mise-a-la-masse" (MALM) method, combined with historic ground magnetics data, suggest that the sulfide lens may continue another 300 meters or more to the northwest from SES022. Future drilling will be completed to test this target area.

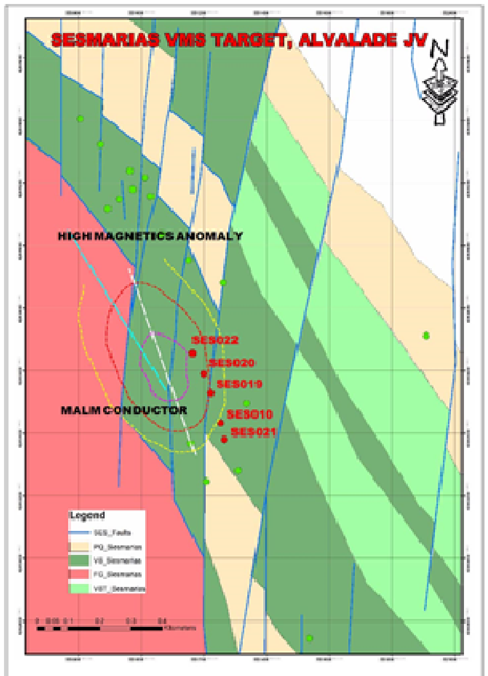


Figure 1. Location of drill holes with reported results. The mise-à-la-masse (MALM) conductor extends 300 meters to the northwest past SES022, to the end of the survey. The coincident magnetics anomaly extends for another 200 meters beyond the MALM conductor. Drill logging followed by re-interpretation of the subsurface geology suggests potential for finding more VMS mineralization under Tertiary and Paleozoic cover rocks, along the geophysical anomalies shown in this figure.

As at the nearby Aljustrel Mine (22 km SE) and at the past-producing Lousal Mine (7 km NW), it is usual for Iberian Pyrite Belt deposits to consist of multiple lenses of massive sulfide mineralization, some of which may be richer in base metals. Planned drilling in the Sesmarias area will also be directed towards the discovery of additional lenses, with the goal of finding an economic metals deposit.

For the year ended December 31, 2016, Colt had forwarded a total of $250,519 (€170,422) and issued 2,425,500 common shares to the Company at a deemed value of $0.08 per share ($194,040) for the Alvalade property. The Company incurred an additional $131,772 (€93,000) which is to be reimbursed by Colt. The Company has written the amount down to $1. As of December 31, 2016, Colt had not met the Option 3 parts 1 and 2 expenditures requirements. Subsequently the Company announced that Colt is in default under the terms of the JV agreement and the Company is working on a route to consolidation of the program as well as discussing the alternatives for securing the repayment of the amount owing of $131,772.

For further information about the drill results, please refer to the Company's news releases on www.sedar.com or on the Company's website.

b) Covas JV with Blackheath

On May 18, 2011, the Company announced the signing of an agreement to option out the Covas tungsten project in northern Portugal to Blackheath Resources Inc. ("Blackheath"). Blackheath has earned a 75% interest in the Covas property by spending a cumulative €1,320,000 and per the May 7, 2014 amended Joint Venture agreement, Blackheath can earn further interests, as noted below:

- To earn a further 5% of the JV (for an aggregate total of 80%), Blackheath must fund €498,000 on exploration by March 20, 2016. [Not completed and is currently being negotiated.]
- To earn a further 5% of the JV (for an aggregate total of 85%), Blackheath must fund €833,000 on exploration by March 20, 2017. [Subsequently not completed and is currently being negotiated.]

On July 21, 2016, the Company reported the progress at the Covas project during 2016:

- The partners have commenced planning and initial work on the project environmental impact study ("EIS"), according to guidelines established by the government of Portugal. The initial work program includes preparation of detailed flora, fauna, and socio-economic baseline studies in/around the Cerdeirinha, Boundary, Castelo, Muito Seco, and Lapa Grande tungsten deposit areas. The deposits have previously been partially drill-tested by the joint venture, and an initial NI 43-101 indicated resources estimate was reported by Avrupa and BHR at the end of Q1 2015.
- Bulk sampling and mineralogical work commenced at the Cerdeirinha open pit site. A field team collected approximately 200 kilograms of tungsten-bearing material which was sent out for mineralogical studies prior to commencing full processing test work.
- Work continues on an internal experimental exploitation study for a small-scale pilot plant at Cerdeirinha, based on the initial indicated resources estimate.
- Further internal review of the Telheira deposit area is planned.

As of December 31, 2016, Blackheath forwarded a total $2,314,892 (€1,677,262) for the Covas property of which €50,000 was excluded from the earn-in calculation because it was for a refundable deposit that Blackheath would receive. The Company held $4,175 (€2,947) on behalf Blackheath to be spent on the Covas property, which is recorded as restricted cash.

For further information, please refer to the Company's news releases on www.sedar.com or on the Company's website.

c) Alvito

The original Alvito exploration license covered 853.4 square kilometers of prospectable land straddling the northeastern margin of the Pyrite Belt, adjacent to the Marateca license (see below), and the Ossa Morena zone of southern Portugal.

On April 10, 2017, the Company announced that it has signed an earn-in option agreement with Australia-based OZ Exploration Pty. Ltd. ("OZE"), a wholly-owned subsidiary of OZ Minerals Limited ("OZM"), to explore on the Alvito iron oxide, copper-gold ("IOCG") project located in southern Portugal. The agreement allows for OZE to earn up to a total 75% interest in the project by spending AUS $4,000,000 over approximately 2½ years. Avrupa and OZM signed the Option Agreement on April 5, 2017 under the following terms:

- For OZE to earn a 51% interest in year 1: *Fund AUS$1,000,000 in exploration expenditures.*
- For OZE to earn a further 24% interest (total of 75% interest) by September 30, 2019: *Fund a further AUS$3,000,000 in exploration expenditures.*
- Avrupa will be the operator during the first earn-in stage with active technical support and oversight from OZE's experienced IOCG team.

Concurrently, the Portuguese Mining Bureau (DGEG) issued a 30-month extension to the Alvito exploration license on March 10, 2017, with the conditions that the license size be reduced to 303.1 square kilometers and that a minimum of € 700,000 be spent for exploration work during the extension period. Previously, Avrupa, along with earlier partners, spent over €450,000 on the license and developed a central IOCG target area covering 4 x 2.5 kilometers along the 24 x 4 kilometers Alcaçovas Copper Belt. Exploration work led to the discovery of mineralized stratigraphy beneath 3-10 meters of soil cover through a 29-hole, top-of-bedrock, drilling program completed during 2015. Other IOCG target areas occur along the Alcaçovas trend but have not been explored to date.

The new exploration program will commence in April-May 2017, and will include geological mapping, surface sampling, geophysics, further targeted top-of-basement sampling, and a drilling program. Details of the full program and targets will be announced soon.

The newly-extended Alvito license covers approximately 300 square kilometers of prospective ground along the Alcaçovas copper-gold trend identified by Avrupa geologists in 2011-12. Subsequent field work was successful in identifying potential for significant copper-gold-silver mineralization in known and several new occurrences.

Many of the copper-gold-silver occurrences that were visited during the recon program, starting in 2012, lie within a 24-kilometer long, 4-kilometer wide belt, designated as the Alcaçovas Copper Belt (ACB), and defined by anomalous copper and zinc soil geochemistry from over 66,000 soil samples collected by previous operators in the district. Avrupa's review of the area suggested that classification of the deposits should be interpreted as IOCG type.

Avrupa geologists collected 274 rock chip samples on the original license between 2012 and 2015, centering around 16 separate prospect areas. A total of 32 (11.7%) of these samples contained greater than 0.4 ppm gold, up to 6.43 ppm gold. Forty (15%) of the samples contained greater than 5 ppm silver, up to a high value of 829 g/t silver. 105 (38%) of the samples carried greater than 0.1% copper, including 40 samples with greater than 1% copper, up to a maximum value of 27.4% copper. Others carry strongly anomalous lead, zinc, and molybdenum values.

In 2015, Avrupa, funded by a previous partner, drilled 29 top-of-bedrock core holes in the central Alcaçovas target zone. Twenty-two of these holes intersected visible copper mineralization, associated with magnetite veining and alteration normally found with IOCG systems, beneath the shallow cover to a depth of <20 meters below the surface.

d) Marateca

The Marateca license covers 923.2 square kilometers and is located 40 kilometers north of the Company's Alvalade JV project. The Marateca license surrounds the northernmost known volcanic center on the Neves Corvo trend in the Iberian Pyrite Belt (IPB). The spatial relationship between other volcanic centers in the IPB and the location of massive sulfide deposits is well-documented. Of all known felsic volcanic centers, the Serrinha center has seen little previous comprehensive, systematic review. Thus, with only a moderate amount of exploration, prospecting and research work, on a small portion of the Marateca license area, the Company has identified at least 13 potential, and separate, copper-zinc, volcanogenic massive sulfide-style target areas. Several of the target areas have outcropping mineralization including iron, manganese, and silica at Serrinha and copper, lead, manganese and silica at Cordoeira. Previous drilling at Serrinha intercepted stockwork silver-bearing sulfide mineralization in two holes.

On December 18, 2013, the Company announced the Company discovered an outcropping gossan zone in volcanic-sedimentary rock units that typically host massive sulfide mineralization in other parts of the IPB in Portugal and Spain. Follow-up mapping has extended the Pego do altar gossan zone to nearly 1,000 meters in strike length with a possible thickness of up to 50 meters. Limited rock chip sampling along strike (11 samples) returned copper values up to 0.12% and lead values to 0.08%. Anomalous bismuth, molybdenum, and gold values further indicate the hydrothermal nature of the metals' presence, thus providing early support for further geological mapping, sampling, and drill targeting. In addition, the Company discovered a second gossan zone in the Pego do Altar target area, with visible copper oxide staining at several locations. The Company continues to look for potential partner for the Marateca project.

e) Santa Margarida do Sado

In June 2014, the Company received a new license in the Pyrite Belt of southern Portugal: the Santa Margarida do Sado license covering potential northward extensions of mineralization from the historic Canal Caveira Mine, located on the Alvalade Joint Venture license, immediately adjacent to the south. All four VMS target belts in Portugal -- Neves Corvo, Aljustrel, São Domingos, and Santa Margarida de Serra -- pass through the Santa Margarida license, suggesting strong exploration potential over a large area. Already, based on historic exploration, the Company has recognized several general drill target areas within the license, as noted in the figure below.

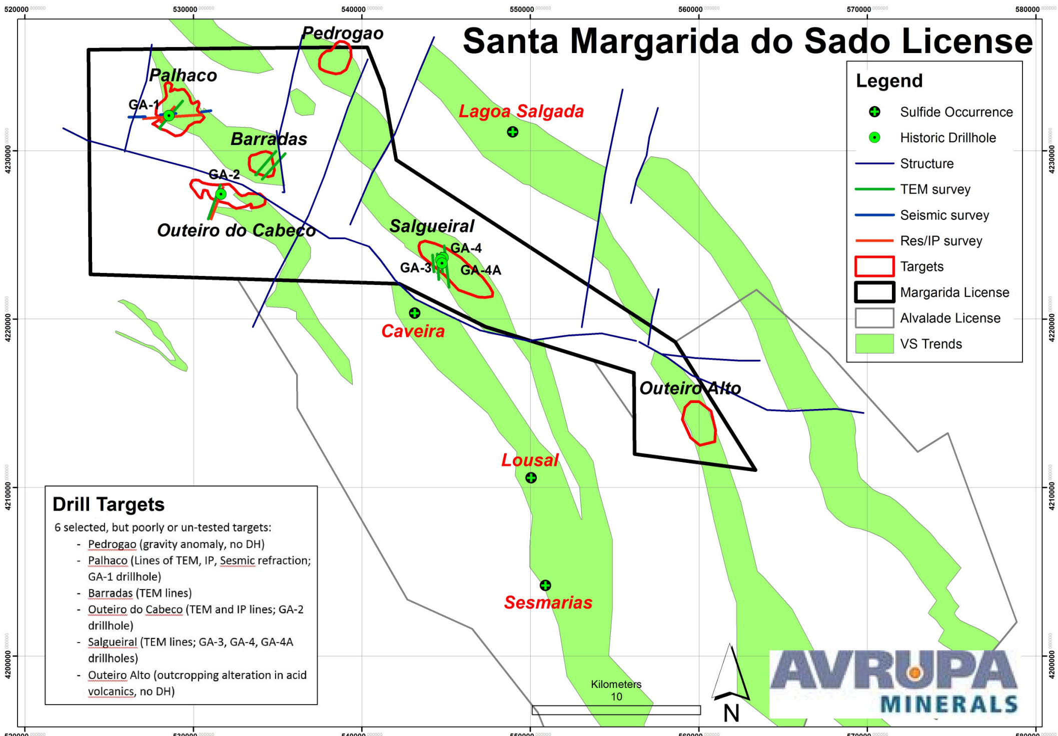


Figure: The Santa Margarida do Sado license with VMS target belts, and potential target areas delineated from previous exploration work. There are several historic drill holes available for review, and almost no exploration on the license since the late 1990's.

While the technical team sees VMS target potential within the license boundaries, the Company has requested to the DGEG to drop the Santa Margarida license. At this time, the request has been accepted by the Mining Bureau, but not officially published.

f) Mertola

In June 2014, the Company received a new license in the Pyrite Belt of southern Portugal: the Mertola license, located east of Neves Corvo, and covering the eastern portion, in Portugal, of the São Domingos VMS target belt. The past-producing São Domingos Mine is located close to the east end of the license, and is central to an area of good copper- and zinc-bearing massive sulfide targets. The following map shows numerous other prospects around the license. Core from over 35 holes of historic drilling is available for re-logging and re-sampling. The Company has collected most of the available historic core and has begun to re-log the material. The new information gathered from the re-logging suggests that there will be new targets defined through re-interpretation of the geology.

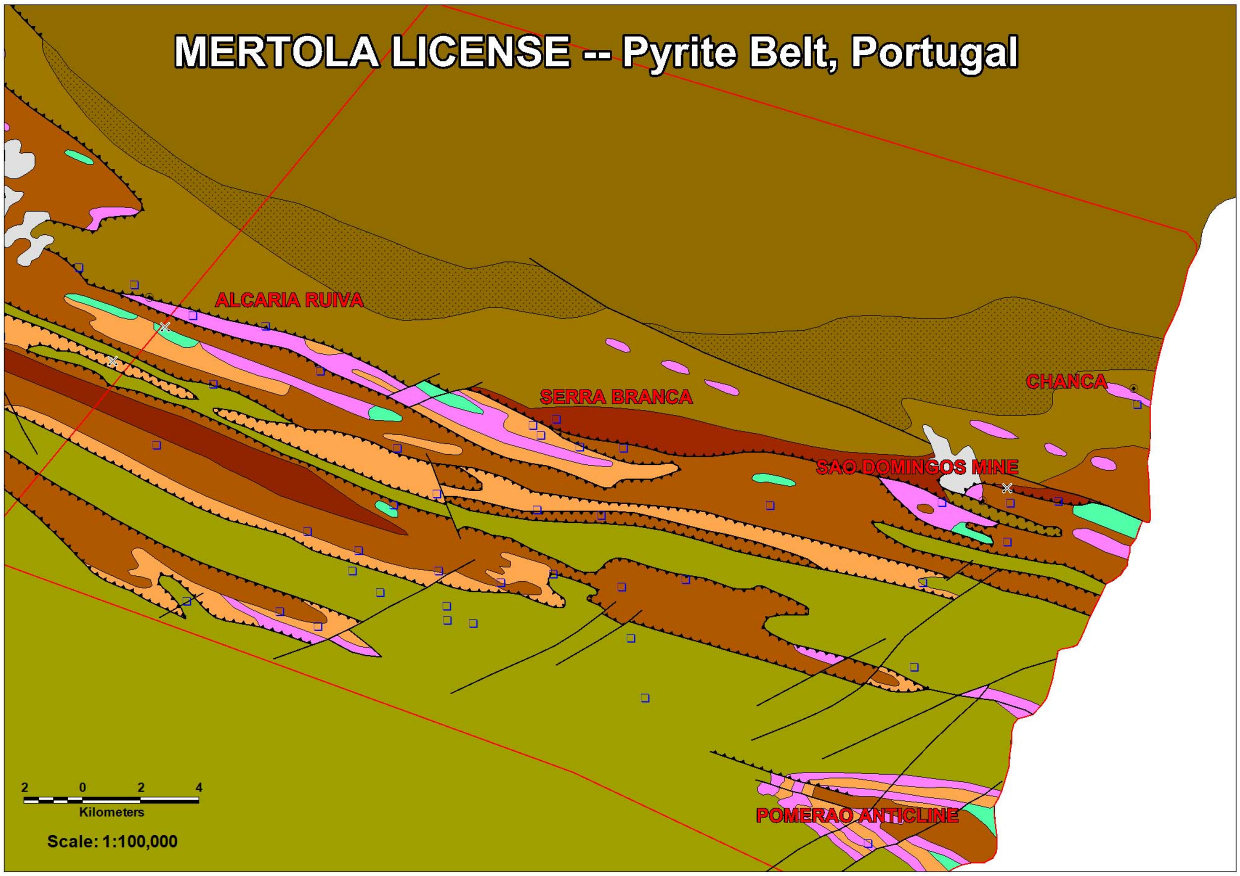


Figure: Mertola license, with numerous prospects located along the length of the license. The São Domingos Mine reportedly contained (non NI 43-101–compliant) historic resources of > 25 mt of 1.25% copper and 2-3% zinc in lenses of volcanogenic massive sulfide material.

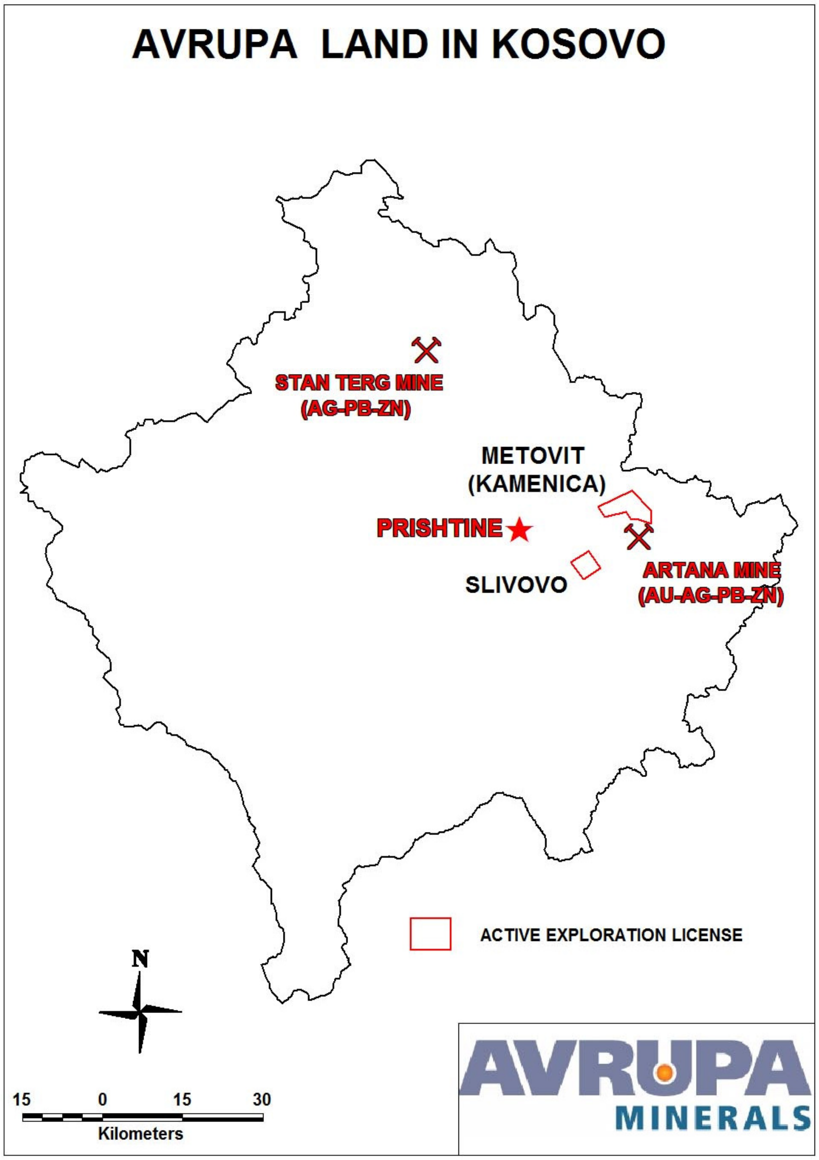
Work is planned for the Mertola license during 2017 in order to demonstrate the JV-ready status of the license. The Company has been actively marketing the Mertola license to prospective JV partners, as well as marketing the Marateca license, also in the Pyrite Belt. Both licenses contain drill-ready targets.

g) Exploration and prospect generation (countrywide)

The Company maintains excellent relations with both the Mining Bureau and the Geological Survey in Portugal. The Company intends to continue to generate high quality metal targets in Portugal, using innovative and aggressive exploration thinking and activities to upgrade the targets to JV-ready status. With a prospect generator business model, the Company will then attract larger, mining-oriented companies to take on the projects for further, higher-risk exploration, and hopefully development into metals' production.

3(b) Kosovo

The Company, through its subsidiary Innomatik Exploration Kosovo (Innomatik), has been advancing its prospects in Kosovo towards JV-ready status, and has now successfully attracted a JV partner for its Slivovo project.



The Company's senior Kosovo management has long-term experience with the democratically-elected Kosovo government, with the United Nations and European Union administrators of the pre-independent country, and with the metallogeny and mineral deposits of the region. The Company is currently the most active metals' exploration group in Kosovo. There has been little modern, systematic exploration performed in Kosovo to date, leaving an opportunity for successful prospect and project generation. The Company optioned one exploration license to a partner (**Slivovo**), while continuing to upgrade its other project at the **Metovit** exploration license to JV ready status.

The Company's Kosovo properties have outcropping base metal mineralization and/or significant alteration zones. Most of the targets have not been previously drilled and have old workings of perhaps Roman and certainly Saxon age, to possibly early 20th century age in a number of locales.

a) Slivovo JV with Byrnecut

The Slivovo exploration license is located approximately 15 km southeast of the capital Prishtine. The Company's geologists first discovered an outcropping gossan zone, 200 meters long x 100 meters wide x 75 meters in elevation, near the village of Pester in late 2011.

On April 10, 2014, the Company signed an earn-in and shareholders agreement ("Earn-In Agreement") to option out the Slivovo property to Byrnecut International Limited ("Byrnecut"). Under the Earn-In Agreement, Byrnecut has the option to earn a 51% interest in the Slivovo property by spending €1,000,000 in exploration on the project by April 10, 2015 (spent), of which €360,000 is a firm commitment and must be spent by October 10, 2014 (spent). Byrnecut can then earn a further 24% by spending an additional €1,000,000 for a total interest of 75% with total expenditures of €2,000,000, by April 10, 2016 (completed in September 2015). Byrnecut can further earn an additional 10% by completing a Preliminary Feasibility Study on the Slivovo Project for a total interest of 85% by April 10, 2017 (work completed in December 2016; study accepted in February 2017).

On May 5, 2016, the Company announced that Giroux Consultants Ltd. ("Giroux") has completed an initial Indicated Mineral Resource for the main Peshter Gossan Zone at the Slivovo Gold Project in Kosovo. The results of the Mineral Resources estimate are provided in the table below.

Au Cut-off (g/t)	**Tonnes > Cut-off (tonnes)**	**Grade>Cut-off**		**Contained Metal**	
		Au (g/t)	**Ag (g/t)**	**Au (ozs)**	**Ag (ozs)**
0.50	660,000	4.66	14.61	98,900	310,000
1.00	**640,000**	**4.80**	**14.68**	**98,700**	**302,000**
1.50	590,000	5.07	14.85	96,200	282,000
2.00	540,000	5.39	15.09	93,500	262,000
2.50	490,000	5.71	15.32	89,900	241,000
3.00	440,000	6.08	15.55	86,000	220,000
3.50	380,000	6.49	15.75	79,300	192,000
4.00	340,000	6.87	16.03	75,100	175,000
4.50	290,000	7.32	16.18	68,300	151,000
5.00	240,000	7.79	16.39	60,100	126,000

As reported previously, Avrupa has also contracted Australian consultant group Mining Plus Pty Ltd ("Mining Plus") to produce a NI 43-101 report on the Slivovo Project which includes the Giroux Mineral Resource Estimate. The full Slivovo report was compiled by Mr. Richard Buerger B.Sc. and was filed in June 2016.

On July 5, 2016, the Company provided update on progress at the Slivovo Project. Peshter Mining JSC ("Peshter Mining"), the joint venture company, initiated a geophysical program consisting of 10 lines of IP/Resistivity covering 21.375 line kilometers and 5 lines of Turam electromagnetics over the zones of Slivovo mineralization and surrounding lands.

On August 16, 2016, the Company announced new drilling results from the Slivovo project. As part of the Pre-Feasibility Study ("PFS"), Peshter Mining drilled 15 holes, mostly for infill and potential increase in the size of the indicated resource of the Gossan Extension Zone. Peshter Mining also drilled one vertical hole in the Gossan Extension for the purpose of running a downhole geophysical survey, seven hydrological test holes to test water flow in the potential mine area, and seven geotechnical holes to test for rock mechanics and stability information around the edges of the planned mine. Drilling of all types for the PFS is now complete.

Following is a drill-hole location map summarizing the total drilling for 2016.

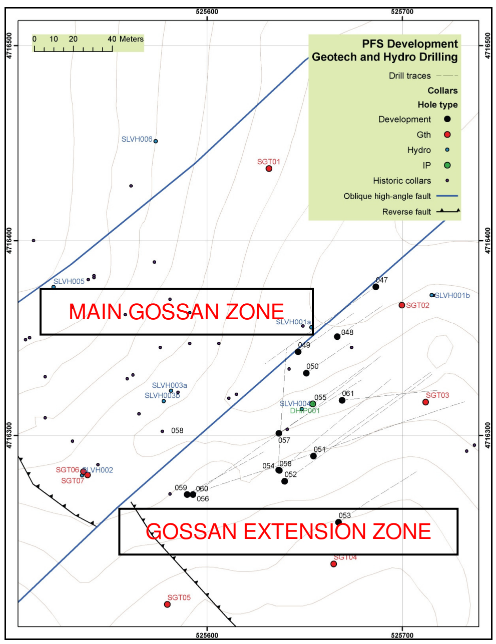


Figure 2. Map of the Gossan Extension development drilling in large black collar locations, located southeast of the high angle fault. The Main Peshter Gossan zone is located northwest of the high angle fault with small black collar locations. Holes in red are geotechnical holes, holes in blue are hydrological test holes, and the green collar location denotes the IP drillhole.

Following is a table with gold and silver results from the development and downhole IP drilling:

Gossan Extension drilling 2016						
Drillhole ID	From (m)	To (m)	Total (m)	Au (g/t)	Ag (g/t)	Notes
DHIP001	84.5	99.5	15	5.98	15.89	drilled specifically for downhole IP geo-

						physics test which supported surface geochemical anomalism; main gold intercept is located *below* low angle fault, differing from the Main Gossan Zone
SLV047	no significant intercepts					Poor host rock for mineralization
SLV048	no significant intercepts					drilled outside of Gossan Extension corridor
SLV049	16	25.2	9.2	1.53	10.73	Gossan Extension Zone
SLV050 and	0 14.85	6 27.1	6 12.25	1.01 0.52	8.44 15.81	Gossan Extension Zone
SLV051 incl	68 79	94.4 94.4	26.4 15.4	2.76 4.40	17.93 25.47	Gossan Extension Zone
SLV052 incl and incl and incl	75.75 86.45 86.45 106	110.7 110.7 99 109.25	34.95 24.25 12.55 3.25	1.07 1.31 1.90 2.31	11.34 10.86 9.04 25.27	Gossan Extension Zone
SLV053	no significant intercepts					not drilled deep enough to reach Gossan Extension corridor
SLV054	71	108.85	37.85	1.52	18.07	drilled to north into Gossan Extension corridor
SLV055 incl	28.5 33.5	47.2 47.2	18.7 13.7	2.51 3.32	12.38 15.21	Gossan extension Zone
SLV056 incl	112 124	157 157	45 33	2.47 3.01	13.45 15.63	Gossan Extension Zone

Table 2. Gold and silver results for 2016 PFS drilling, to date. Infill/development drilling was designed to confirm continuity of precious metals mineralization in the Gossan Extension Zone, as well as potentially add to the initially-defined indicated resource.

The following figure defines all gold anomalism in drill holes brought to surface view. While gold is present only in amenable host rocks above the low angle reverse fault in the Main Gossan Zone, it does appear that gold mineralization may have additional possibilities in permeable host rocks below the fault in the Gossan Extension Zone, as displayed in the geophysical drill hole DHIP001. Pending drill results from SLV057 through SLV061 may shed light on this potential, as well as the opportunity for extending the Gossan Extension zone further to the east from present 65 meters strike length. The new assay results will be used to update the indicated Slivovo gold resource.

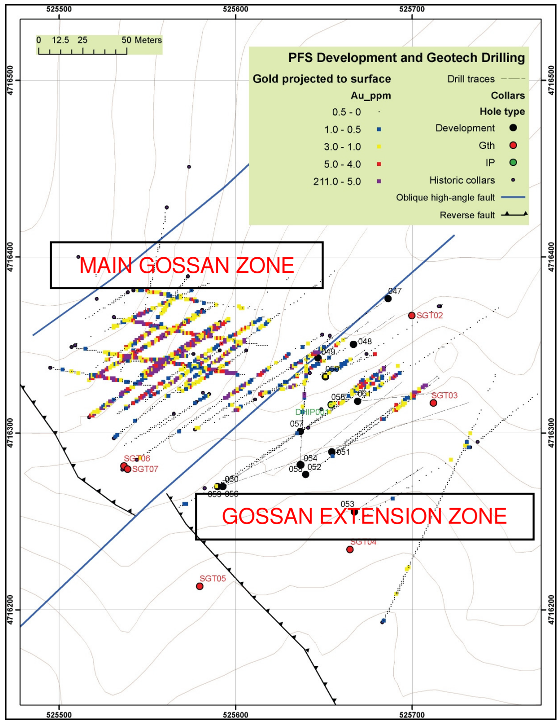


Figure 3. Location of downhole gold mineralization brought to surface view.

On September 8, 2016, the Company announced the assay results from the final five 2016 drill holes from the Slivovo project. These new assays, along with those from the previously-reported eleven drill holes will be used to prepare an updated resource estimate during the fall of 2016. It is significant that the gold mineralization in the Gossan Extension Zone has been discovered below the bottom thrust fault control which previously had been understood as the lower limit for gold mineralization in the Main Gossan Zone. Three holes cut gold mineralization below the thrust fault with intercepts at grades up to 5.98 g/t over 15 meters. While the data from these holes may not be enough to calculate a resource for this area, the new information does show that the mineralization continues to the east and is open down dip.

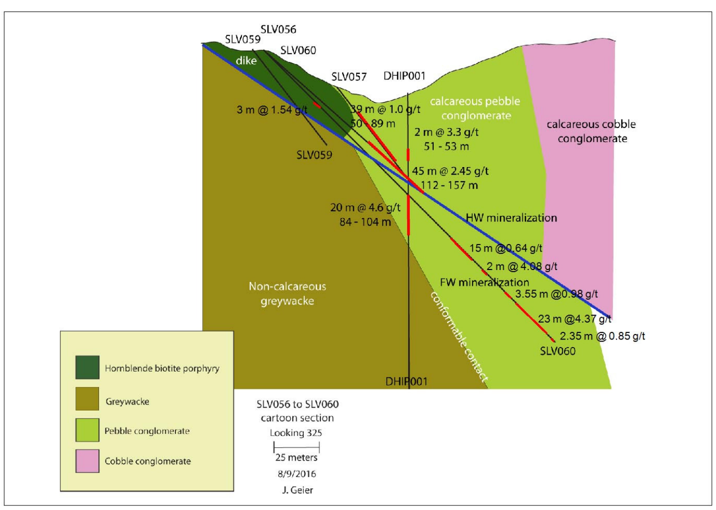
Following is a table with gold and silver results from the recent development drilling:

Gossan Extension drilling 2016 – SLV057 through SLV061						
Drillhole ID	From (m)	To (m)	Total (m)	Au (g/t)	Ag (g/t)	Notes
SLV057	**51**	**77**	**26**	**1.29**	**7.2**	Gossan Extension Zone
in a wider zone	37	90	53	0.85	9.5	

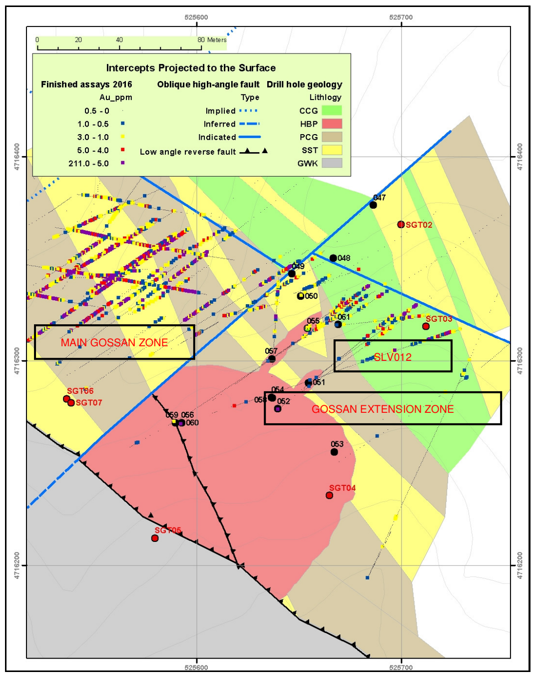
SLV058	**120**	**123**	**3**	**38.7**	**33.9**	Lower plate mineralization in the Gossan Extension Zone close to DHIP001
	134	**156.6**	**22.6**	**3.29**	**9.7**	
incl.	**134**	**142**	**8**	**5.96**	**8.0**	
and	**147**	**156.6**	**9.6**	**2.51**	**13.3**	
SLV059	No significant results					Drilled outside of Gossan Extension Zone
SLV060	38	41	3	1.54	9.6	Upper plate – in hornblende porphyry
	136	151	15	0.64	8.2	Lower plate mineralization in the Gossan Extension Zone
	159	161	2	4.08	6.8	
	173	176.55	3.55	0.98	14.2	
	182	**205**	**23**	**4.37**	**7.2**	
incl.	**198**	**205**	**7**	**8.72**	**9.1**	
	208.5	210.85	2.35	0.85	16.4	EOH – hole stops in mineralization
SLV061	42	72	30	1.32	11.9	Gossan Extension Zone

Table 3. Gold and silver results for final five diamond drill holes in the 2016 PFS drilling program. Infill/development drilling was designed to confirm continuity of precious metals mineralization in the Gossan Extension Zone, as well as potentially add to the initially-defined indicated resource. Significantly, two holes, SLV058 and SLV060 intercepted gold and silver mineralization beneath the low angle thrust fault that cuts off mineralization in the Main Gossan Zone.

The following schematic SW to NE section illustrates where gold mineralization is found in the Gossan Extension Zone. The intercepts in SLV060 are actually located 40 meters to the east of DHIP001, along strike of the mineralization and down dip.



The following figure defines all gold anomalism in drill holes brought to surface view. While gold is present only in amenable host rocks above the low angle reverse fault in the Main Gossan Zone, it is now clear that gold mineralization has additional possibilities in permeable host rocks below the fault in the Gossan Extension Zone, as displayed in the geophysical drill hole DHIP001 and the two new drill holes, SLV058 and SLV060. The new drilling indicates that mineralization in the Gossan Extension Zone continues for at least 90 meters to the east from the high angle fault that divides the two zones. Old drill results from SLV012 may indicate that the Gossan Extension zone continues for at least another 20+ meters in the lower plate beyond SLV060. SLV012 contained 5 meters (151 – 156 meters) @ 1.33 g/t gold and 15.6 g/t silver.



On January 13, 2017, the Company announced that it has received the Slivovo Gold Project Study (the "Study") from Byrnecut. The study contains detailed geological, geochemical, and geophysical information about the Slivovo gold deposit, as well as chapters covering environmental, social, metallurgical, mining, infrastructure and surface facilities, waste management, capital costs, and other studies.

On February 6, 2017, the Company announced that the Study was reviewed both internally and by an independent mining engineer and formally accepted by Avrupa. This triggered a change in the ownership levels of Peshter Mining, the operator of the Slivovo Gold Project. Avrupa now holds 15% of Peshter Mining, while Byrnecut holds 85%, per the original JV agreement signed in April 2014 (see NR from April 16, 2014).

Post-completion and based on the results of the Slivovo Study, Peshter Mining proposed a 3-phase, results-dependent drilling program for the Slivovo Project for 2017. The drilling program is designed to discover, delineate, and define further high grade (defined in the Study as 5 g/t gold or greater) gold resources at the Slivovo deposit in order to potentially create an economic mining solution for the Project. Assuming continued success, the 3-phase program aims to add at least 250,000 ounces of gold from a number of previously-known and new targets located close to and around the present deposit. Cost estimate for the full 3-phase program, totaling 30,000 meters, is approximately $8.3 million, of which Avrupa's share would be about $1.25 million.

Avrupa has decided not to participate in funding of this program. Avrupa's portion of the Slivovo Project will therefore be diluted as funds are spent by our Partner. If Avrupa's share in Peshter Mining goes below 10%, Avrupa's interest will convert into a 2% Net Smelter Royalty (NSR).

b) Metovit (formerly Kamenica)

The Kamenica license was renewed for two years under the new Mining Law. The size of the license was reduced by 50% to approximately 45 km^2. Targets in the Kamenica license are located 2 to 5 kilometers, along strike, from the historic Artana (Novo Brdo) silver/lead/zinc/gold mine. The Artana Mine has operated intermittently since Saxon times in the 12th to 14th centuries. According to recently-acquired UNMIK (United Nations Mission in Kosovo) information, in modern times the Artana Mine has produced 4-5 million metric tonnes of +10% Pb and Zn, 140 g/t Ag, and 1 g/t Au, over its still-continuing operation. Production information was compiled during UNMIK (United Nations Mission in Kosovo) administration of Trepça Mines after the war in Kosovo. The historic production information for the Artana Mine is non - NI 43-101 – compliant, though Avrupa is of the opinion that the information is accurate with respect to available production records.

On February 14, 2012, the Company announced that it completed an initial round of exploratory drilling in late 2011 on the Kamenica license. Two core holes, totaling 382.6 meters, were completed at two separate targets located about three kilometers apart. The most interesting of the two holes, at the Metovic target, intercepted multiple generations of visible Fe-Zn-Pb sulfide mineralization in pervasive disseminations and stockwork quartz veining, hosted by strongly altered, calcareous silt and sandstones over the entire 193.3-meter length of the hole. The hole bottomed in altered quartz diorite porphyry and brecciated quartz diorite containing fragments of the porphyry. The widespread anomalous sulfide mineralization and strong alteration may indicate the presence of a possible large porphyry-style system within the Kamenica license.

The second hole, at the Grbes target, encountered pyritic gneisses from close to the surface to 120 meters depth, followed by sooty, pyritic black shales and graphitic schists to the bottom of the hole at 189.3 meters. These strongly altered rock units do not appear at the surface, and are of an older Vardar formation that has been uplifted in this portion of the exploration area. Further work is necessary to assist in targeting for a possible large mineral system.

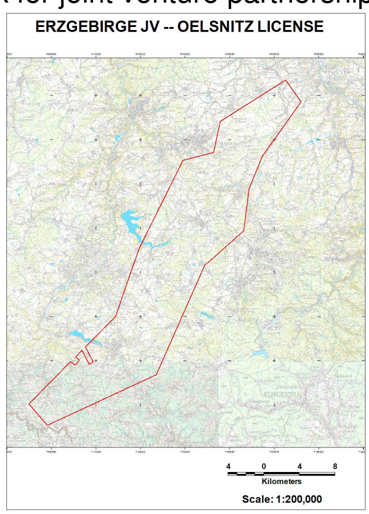
The Kamenica license has been dropped, but replaced by the fully-overlapping new Metovit application. ICMM has now approved the new license. In February 2016, Byrnecut advanced €31,871 for the Company to meet 2016 legal work commitments and further advance this property. Geological and geochemical review work on the property continued at the end of 2016 and into the first month of 2017. About 700 samples were sent to the lab, and results are being tabulated, compiled and reviewed. Further work will be planned for later in 2017 to bring the license to JV-ready status.

3(c) Germany

Oelsnitz

On January 23, 2012, the Company announced the signing of a Memorandum of Understanding ("MOU") with Beak Consultants GmbH ("Beak") to explore for gold deposits in the Erzgebirge mining district near Oelsnitz in the Free State of Saxony in eastern Germany. The Company must spend €140,000 for exploration purpose to gain 85% of Oelsnitz Exploration License, which was issued to Beak on January 12, 2012. The license covers 307.2 square kilometers and has been issued for gold, silver, tin, tungsten, molybdenum, copper, lead, zinc, tellurium, barite and fluorite. The license is valid until March 31, 2016, and renewable upon proof of continued exploration activities. There is no royalty attached to the license. Renewal until March 31, 2019 has been approved.

The Company earned into 85% of the project (as of December 31, 2016 - $222,462 (€172,748)), and the two companies are setting up a joint venture to further explore for gold on the property. The goal of the Company is to explore for and find gold targets related to the emplacement of large granitic intrusions. Previous work has not, at all, been dedicated to gold exploration in this region, and the Company is probably the first group to do so. The first-pass work completed at the end of 2012 indicated several areas of gold and tin anomalism that need further follow-up. Follow-up of gold and tin anomalism in a number of target areas is now currently underway. The Company will continue to look for joint venture partnerships in the coming year.



The Company's exploration expenses for the year ended December 31, 2016 and the cumulative exploration expenses since acquisition of MAEPA and Innomatik are:

	Portugal					Kosovo		Germany	Others	
	Alvalade	Covas	Alvito	Callinan Generative	Others	Slivovo	Others			Total
Exploration and evaluation assets										
Acquisition costs										
As of January 1, 2016	$ 167,920	$ 71,289	$ -	$ -	$ 1,096,840	$ 143,155	$ -	$ -	$ -	$ 1,479,204
Additions during the period	-	-	-	-	-	-	-	-	-	-
As of December 31, 2016	$ 167,920	$ 71,289	$ -	$ -	$ 1,096,840	$ 143,155	$ -	$ -	$ -	$ 1,479,204
Mineral exploration expenses for the year ended December 31, 2016										
Assaying	$ -	$ -	$ -	$ -	$ -	$ (2,630)	$ 33	$ -	$ -	$ (2,597)
Concession fees and taxes	88,378	12,097	22,191	-	71,981	-	4,281	-	-	198,928
Depreciation	-	-	-	-	14,240	-	-	-	-	14,240
Drilling	-	-	-	-	-	(79,180)	-	-	-	(79,180)
Geological salaries and consulting	335,477	42,017	96,996	-	214,691	681	25,036	-	-	714,898
Geology work	-	-	-	-	-	(5,889)	-	-	38,580	32,691
Insurance	93	93	99	-	3,821	-	-	-	-	4,106
Legal and accounting	-	130	-	-	154	-	-	-	-	284
Office and administrative fees	6,251	1,608	1,421	-	24,830	6,699	(2,572)	-	20,809	59,046
Rent	30,164	8,798	7,888	-	38,075	725	3,341	-	5,418	94,409
Report	-	-	-	-	-	24,232	-	-	-	24,232
Site costs	53,462	425	2,103	-	13,606	-	-	-	2,166	71,762
Travel	1,211	2,014	1,313	-	15,190	628	2,599	-	2,104	25,059
Reimbursements from optionee	(515,036)	(67,182)	-	-	-	45,501	(45,158)	-	-	(581,875)
	$ -	$ -	$ 132,011	$ -	$ 396,588	$ (9,233)	$ (12,440)	$ -	$ 69,077	$ 576,003
Cumulative mineral exploration expenses since acquisition										
Assaying	$ -	$ -	$ -	$ -	$ -	$ 297,975	$ 31,826	$ 10,846	$ -	$ 340,647
Concession fees and taxes	220,976	197,339	83,479	55	335,604	9,998	198,701	4	-	1,046,156
Depreciation	-	-	5,515	-	54,073	-	-	-	-	59,588
Drilling	-	-	-	-	-	1,180,217	-	-	-	1,180,217
Geological salaries and consulting	6,106,261	1,991,200	579,143	91,032	2,106,776	119,801	534,415	12,359	-	11,540,987
Geology work	-	-	-	32,377	-	891,582	402,515	193,998	82,650	1,603,122
Insurance	18,260	10,550	3,507	758	24,567	14,604	14,790	-	-	87,036
Legal and accounting	296	130	142	-	543	58,158	-	-	-	59,269
Office and administrative fees	193,840	24,151	25,523	5,068	154,107	80,149	16,510	5,255	42,161	546,764
Rent	361,662	40,278	56,291	3,187	227,579	28,694	48,333	-	14,658	780,682
Report	-	-	-	-	-	24,232	-	-	-	24,232
Site costs	158,653	57,103	24,707	3,054	85,669	185,074	189,975	-	7,473	711,708
Travel	223,653	56,288	31,492	14,469	87,435	60,107	14,397	-	9,207	497,048
Trenching and road work	-	-	-	-	-	34,339	-	-	-	34,339
Reimbursements from optionee	(7,364,530)	(2,310,717)	(414,767)	(150,000)	(83,125)	(2,834,986)	(45,158)	-	-	(13,203,283)
	$ (80,929)	$ 66,322	$ 395,032	$ -	$ 2,993,228	$ 149,944	$ 1,406,304	$ 222,462	$ 156,149	$ 5,308,512

4. Risks and Uncertainties

The Company is engaged in the exploration for mineral deposits. These activities involve significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the mining industry, metal price fluctuations and operating in foreign countries and currencies.

Inherent risks within the mining industry

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral deposit.

Mining activities also involve risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the Company's current mineral properties will be economically viable for development and production.

Prices for metals

Metals prices are subject to volatile price fluctuations and have a direct impact on the commercial viability of the Company's exploration properties. Price volatility results from a variety of factors, including global consumption and demand for metals, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future metal sales. The Company closely monitors metal prices to determine the appropriate course of action to be taken by the Company.

Foreign currency risks

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while foreign operations are predominately conducted in Euros and US dollars. Fluctuations in the exchange rates between the Canadian dollar, Euros and US dollar may impact the Company's financial condition.

Risks Associated with Foreign Operations

The Company's investments in foreign countries such as Portugal, Germany and Kosovo carry certain risks associated with different political, business, social and economic environments. The Company is currently evaluating various commodities in Portugal and Kosovo, but will undertake new investments only when it is satisfied that the risks and uncertainties of operating in different cultural, economic and political environments are manageable and reasonable relative to the expected benefits.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance and regulatory characteristics of property rights in certain foreign countries.

Future government, political, legal or regulatory changes in the foreign jurisdictions in which the Company currently operates or plans to operate could affect many aspects of the Company's business, including title to properties and assets, environmental protection requirements, labor relations, taxation, currency convertibility, repatriation of profits or capital, the ability to import necessary materials or services, or the ability to export produced materials.

5. Impairment of Long-lived Assets

The Company completed an impairment analysis as at December 31, 2016 and concluded that no impairment charge was required because:

- the Company capitalized only its acquisition costs of MAEPA and Innomatik;
- there have been no significant changes in the legal factors or climate that affects the value of the properties in Portugal and Kosovo;
- all properties in Portugal and Kosovo remain in good standing; and
- the Company and its joint-venture partners intend to continue its exploration and development plans on the properties.

6. Material Financial and Operations Information

6(a) Selected Annual Financial Information

Selected Annual Information

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2015
Total revenues	$ -	$ -	$ -
General and administrative expenses	1,083,313	816,418	816,418
Loss for the year	1,872,121	1,548,930	1,548,930
Loss per share	(0.03)	(0.03)	(0.03)
Total assets	2,481,925	2,653,550	2,653,550
Total long-term financial liabilities	-	-	-
Cash dividends declared – per share	N/A	N/A	N/A

6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Three months ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Total Revenues	$ -	$ -	$ -	$ -
Loss before other items	$ 539,928	$ 461,195	$ 603,751	$ 54,442
Net loss	$ 738,595	$ 464,197	$ 612,049	$ 57,280
Loss per share	$ 0.01	$ 0.01	$ 0.01	$ 0.00

	Three months ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Total Revenues	$ -	$ -	$ -	$ -
Loss before other Items	$ 423,781	$ 618,064	$ 256,249	$ 258,847
Net Loss	$ 420,629	$ 629,802	$ 250,766	$ 247,733
Loss per share	$ 0.01	$ 0.01	$ 0.01	$ 0.01

6(c) Review of Operations and Financial Results

For three months ended December 31, 2016 and three months ended December 31, 2015

During the three months ended December 31, 2016, the Company reported a loss of $738,595 ($0.01 loss per share) (2015 – $420,629 ($0.01 loss per share)).

Excluding the non-cash depreciation of $1,246 (2015 – $1,484) and share-based payment of $Nil (2015 – $8,678), the Company's general and administrative expenses amounted to $259,255 during the three months ended December 31, 2016 (2015 – $209,307), an increase of $49,948 as a result of the Company raising more investors awareness by increasing in expenditures in investor relations (from 2015's $49,108 to 2016's $104,635). The Company incurred a write down of due from optionee of $238,705 (2015 - $Nil).

During the three months ended December 31, 2016, the Company expensed exploration costs totaling $308,236 including $9,960 on Covas, $17,959 on Alvalade, $32,299 on Alvito, $188,472 on other projects in Portugal, a negative amount of $7,237 on Slivovo (due to adjustments to amounts recorded in previous year), $33,075 on other projects in Kosovo, and $33,708 on others. During the three months ended December 31, 2015, the Company expensed $748,266 in exploration costs which included $19,966 on Covas, $175,978 on Alvalade, $85,438 on Alvito, $255,680 on other projects in Portugal, $171,757 on Slivovo, $29,151 on other projects in Kosovo, $53 on its project in Germany, and $10,243 on others.

For the year ended December 31, 2016 and years ended December 31, 2015 and 2014

During the year ended December 31, 2016, the Company reported a loss of $1,872,121 ($0.03 loss per share) (2015 – $1,548,930 ($0.03 loss per share); 2014 - $1,250,956 ($0.03 loss per share)).

Excluding the non-cash depreciation of $5,176 (2015 - $5,765; 2014 - $5,901) and share-based payment of $270,698 (2014 – $192,043; 2014 – $29,141), the Company's general and administrative expenses amounted to $807,439 during the year ended December 31, 2016 (2015 - $618,610; 2014 - $738,202), an increase of $188,829 from the year ended December 31, 2015 as a result of the Company raising more investors awareness by increasing in expenditures in consulting (from 2015's $143,100 to 2016's $266,573) and investor relations (from 2015's $163,278 to 2016's $191,544). The Company incurred a write down of due from optionee of $238,705 (2015 - $Nil).

During the year ended December 31, 2016, the Company expensed exploration costs totaling $1,157,878 including $67,182 on Covas, $515,036 on Alvalade, $132,011 on Alvito, $396,588 on other projects in Portugal, a negative amount of $54,734 on Slivovo (due to adjustments to amounts recorded in previous year), $32,718 on other projects in Kosovo, and $69,077 on others. During the year ended December 31, 2015, the Company expensed exploration costs totaling $3,395,193 including $165,587 on Covas, $310,914 on Alvalade, $242,848 on Alvito, $1,342 on Callinan Generative, $520,865 on other projects in Portugal, $2,028,893 on Slivovo, $32,377 on other projects in Kosovo, $5,295 on its project in Germany, and $87,072 on others. During the year ended December 31, 2014, the Company expensed exploration costs totaling $4,754,648 including $769,810 on Covas, $261,779 on Marateca, $2,279,351 on Alvalade,

$3,929 on Arga, $252,291 on Alvito, $142,812 on Callinan Generative, $100,434 on other projects in Portugal, a negative amount of $1,833 on Glavej, $2,664 on Kamenica, $2,054 on Selac, $919,655 on Slivovo, $10,856 on other projects in Kosovo, and $10,846 on its project in Germany.

6(d) Liquidity and Capital Resources

As at December 31, 2016, the Company's working capital was $484,426 (December 31, 2015 - $10,562). With respect to working capital, $518,196 was held in cash (December 31, 2015 - $161,926) and $4,175 was held in restricted cash (December 31, 2015 - $Nil). The increase in cash was mainly due to net proceeds from issuance of common shares while being offset by the general administrative expenses and exploration work expense.

On July 4, 2016, the Company completed a non-brokered private placement by issuing 13,547,000 units ("Unit") at a price of $0.10 per Unit for gross proceeds of $1,354,700. Each Unit consists of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.15. 411,250 finder's options were issued as part of the financing. Each of finder's option is exercisable into one Unit at a price of $0.10 for a period of 36 months. Each Unit consists of one common share and one non-transferable warrant exercisable for a 3 year period at a price of $0.15.

During the year ended December 31, 2016, the Company issued common shares pursuant to the exercise of 4,573,000 warrants for cash proceeds of $685,950, the exercise of 200,000 stock options for cash proceeds of $20,000 and the exercise of 453,000 finder's options for cash proceeds of $45,300.

Subsequently, on April 20, 2016, the Company completed a non-brokered private placement by issuing 2,500,000 common shares at a price of $0.09 per common share for gross proceeds of $225,000.

As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans other than $218,202 (€154,000) cash pledge for its exploration licenses in Portugal and is not subject to any debt covenants.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from warrants, finders' warrants and options, along with the planned developments within the Company as well as with its JV partners will allow its efforts to continue throughout 2017. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

6(e) Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at December 31, 2016, the Company's share capital was $7,994,373 (December 31, 2015 - $6,172,356) representing 74,248,797 common shares (December 31, 2015 – 55,475,797 common shares).

Stock option transactions and the number of stock options are summarized as follows:

Expiry date	Exercise price	December 31, 2015	Granted	Exercised	Expired/ cancelled	December 31, 2016
January 27, 2017 *	$0.30	100,000	-	-	-	100,000
April 10, 2017 *	$0.30	720,000	-	-	-	720,000
July 15, 2017	$0.10	300,000	-	-	-	300,000
October 16, 2018	$0.10	1,345,000	-	(200,000)		1,145,000
March 3, 2019	$0.165	200,000	-	-	-	200,000
July 15, 2020	$0.10	2,015,000	-	-	-	2,015,000
September 26, 2021	$0.18	-	1,575,000			1,575,000
Options outstanding		4,680,000	1,575,000	(200,000)	-	6,055,000
Options exercisable		4,455,000	1,575,000	(200,000)	-	6,055,000
Weighted average exercise price		$0.14	$0.18	$0.10	$Nil	$0.15

*Subsequently expired unexercised.

On April 26, 2017, the Company granted a total of 1,310,000 options at an exercise price of $0.10 per share for a period of five years to its directors, officers and consultants.

The continuity of warrants for the year ended December 31, 2016 is as follows:

Expiry date	Exercise price	December 31, 2015	Issued	Exercised	Expired	December 31, 2016
September 24, 2016	$0.15	5,720,000	84,000 (1)	(4,354,000)	(1,450,000)	-
October 15, 2016	$0.15	2,833,334	-	(219,000)	(2,614,334)	-
March 28, 2017 *	$0.40	4,000,000	-	-	-	4,000,000
August 22, 2017	$0.40	4,400,000	-	-	-	4,400,000
October 4, 2017	$0.25	7,990,000	-	-	-	7,990,000
July 14, 2018	$0.15	10,920,000	-	-	-	10,920,000
July 4, 2019	$0.15	-	13,547,000			13,547,000
Outstanding		35,863,334	13,631,000	(4,573,000)	(4,064,334)	40,857,000
Weighted average exercise price		$0.23	$0.15	$0.15	$0.15	$0.22

*Subsequently expired unexercised.
(1) The warrants were issued as a result of 84,000 finder's options being exercised.

The continuity of finder's options for the year ended December 31, 2016 is as follows:

Expiry date	Exercise price	December 31, 2015	Issued	Exercised	Expired	December 31, 2016
September 24, 2016	$0.10	148,800	-	(84,000)	(64,800)	-
August 22, 2017(1)	$0.25	152,600	-	-	-	152,600
July 14, 2018	$0.10	468,000	-	(369,000)	-	99,000
July 4, 2019(2)	$0.10	-	411,250	-	-	411,250
Outstanding		769,400	411,250	(453,000)	(64,800)	662,850
Weighted average exercise price		$0.13	$0.10	$0.10	$0.10	$0.13

(1) The finder's options are exercisable into units, with each unit consisting of one common

share and one warrant exercisable until August 22, 2017 at $0.40.

(2) The finder's options are exercisable into units, with each unit consisting of one common share and one warrant exercisable until July 4, 2019 at $0.15.

If the remaining options, warrants, finder's options, including the warrants associated with the finder's options, were exercised, the Company's available cash would increase by $8,301,953.

As of the date of this MD&A, there were 76,748,797 common shares issued and outstanding and 121,377,497 common shares outstanding on a diluted basis.

6(f) Commitment and Contingency

As of December 31, 2016, the Company had a total of $218,202 (€154,000) (2015: $269,771 (€179,500) of cash pledged for its exploration licenses in Portugal. The advances to the Portuguese regulatory authorities are refundable to the Company, subject to completion of the work obligations described in the exploration license applications.

6(g) Off-Balance Sheet Arrangements

None.

6(h) Transactions with Related Parties

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the year ended December 31, 2016

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn Chief Executive Officer, Director	$265,571	$Nil	$Nil	$Nil	$67,972	$16,270	$349,813
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$16,270	$16,270

For the year ended December 31, 2015

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn Chief Executive Officer, Director	$235,936	$Nil	$Nil	$Nil	$65,251	$31,850	$333,037
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$20,475	$20,475

For the year ended December 31, 2014

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn Chief Executive Officer, Director	$242,106	$Nil	$Nil	$Nil	$67,487	$Nil	$309,593
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

Related party assets / liabilities

	Services	Years ended December 31, 2016	Years ended December 31, 2015	Years ended December 31, 2014	As at December 31, 2016	As at December 31, 2015
Amounts due to:						
Pacific Opportunity Capital Ltd. [a]	Rent, management and accounting services	$ 236,975	$ 254,775	$ 253,350	$ 16,406	$ 11,288
Paul W. Kuhn	Consulting and housing allowance and share-based payment	$ 349,813	$ 333,037	$ 309,593	$ 6,446	$ 13,076
Paul L. Nelles [b]	Salaries and share-based payment	$ 35,387	$ 100,526	$ 74,351	$ Nil	$ Nil
Michael Diehl [b]	Salaries and share-based payment	$ Nil	$ 47,213	$ 143,088	$ Nil	$ Nil
Mineralia [c]	Consulting	$ 239,882	$ 254,598	$ 258,770	$ 16,469	$ 67,177
B&B Renting and Consulting Lda. [d]	Rent	$ 26,293	$ Nil	$ Nil	$ 32,786	$ Nil
Adriano Barros [c]	Share-based payment	$ 11,389	$ 4,550	$ Nil	$ Nil	$ Nil
TOTAL:		$ 899,739	$ 994,699	$ 1,039,152	$ 72,107	$ 91,541
Amounts due from:						
Peshter Mining J.S.C [e]	Office, equipement, vehicles, insurance and consulting	$ Nil	$ Nil	$ Nil	$ 4,742	$ Nil

(a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.
(b) Paul L. Nelles is a director of Innomatik while Michael Diehl was the former exploration manager of Innomatik. In February 2015, Mr. Diehl ceased to be the exploration manager of Innomatik.
(c) Mineralia, a private company partially owned by the general manager of MAEPA.
(d) B&B Renting and Consulting Lda., a private company partially owned by Adriano Barros, the general manager of MAEPA.

(e) Peshter Mining J.S.C is a joint venture entity owned 75% by Byrnecut and 25% Innomatik. (subsequently 85% and 15% respectively)

6(i) Financial Instruments

The fair values of the Company's cash, restricted cash, investments - available for sale, VAT receivables, due from optionee, property deposits, funds held for optionees, accounts payables and accrued liabilities, accounts payable owed by optionee and due from/to related parties approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest risk, commodity price risk and currency risk.

(a) Credit risk

The Company's cash is held in financial institutions in Canada, Portugal, Kosovo and Barbados. The Company's receivable consists primarily of goods and services tax due from the federal government of Canada and the value-added taxes in Portugal and Kosovo.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

As at December 31, 2016, the Company had cash of $518,196 (December 31, 2015 - $161,926), VAT receivables of $43,176 (December 31, 2015 - $343,898), investments – available for sale of $84,862 (December 31, 2015 - $Nil), other receivables of $19,438 (December 31, 2015 - $Nil) and due from optionees of $1 (December 31, 2015 - $200,349) to settle current liabilities, net of funds held for optionees and accounts payable owed by optionee, of $127,970 (December 31, 2015 - $622,704).

Accounts payable and accrued liabilities are due within the current operating period.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(d) Equity market price risk

The Company is exposed to price risk with respect to equity market prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to finance due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

(e) Currency risk

The Company's property interests in Portugal and Kosovo make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liability of $130,200 dominated in US dollars and Euros. A 1% change in the absolute rate of exchange in US dollars and Euros would affect its net loss by $11,200.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 518,196	$ -	$ -	$ 518,196
Restricted cash	4,175	-	-	4,175
Investments – available for sale	84,862	-	-	84,862
	$ 607,233	$ -	$ -	$ 607,233

6(j) Management of Capital Risk

The Company manages its cash and cash equivalents, common shares, warrants, finder's options and share purchase options as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its exploration and operations in the near term.

7. Subsequent Events

None other than disclosed already in other sections.

8. Policies and Controls

8(a) Significant Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position 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 judgments

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent, management considered both the funds from financing activities and the currency in which goods and services are paid for. The functional currency of its wholly-owned subsidiaries in Europe is the Euros and that the functional currency of its wholly-owned subsidiaries in Barbados is the US dollar as management considered the currencies which mainly influence the cost of providing goods and services in those subsidiaries. The Company chooses to report in Canadian dollar as the presentation currency; and
- The assessment of indications of impairment of each mineral property and related determination of the net realized value and write-down of those properties where applicable; and
- The determination that the Company will continue as a going concern for the next year.

8(b) Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2016 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issue but are not yet effective:

- IFRS 9 (effective January 1, 2017) Financial Instruments
- IFRS 10 (effective January 1, 2017) Consolidated Financial Statements
- IAS 28 (effective January 1, 2017) Investments in Associates and Joint Ventures

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

8(c) Changes in Internal Controls over Financial Reporting ("ICFR")

Changes in Internal Control Over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

9. Information on the Board of Directors and Management

Directors:
Mark T. Brown, B.Comm, CPA, CA
Paul Kuhn, M.Sc., P. Geo, SME Registered Member, QP
Paul Dircksen, M.S.
Ross Stringer, CPA, CA
Dr. Paul Nelles
Frank Högel

Audit Committee members:
Mark T. Brown (Chair), Paul Dircksen and Ross Stringer

Management:
Paul Kuhn, M.Sc. – Chief Executive Officer, President
Winnie Wong, CPA, CA – Chief Financial Officer and Corporate Secretary