

AVRUPA MINERALS LTD.
(An Exploration Stage Company)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 24, 2018. 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, 2017, 2016 and 2015 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, 2017. 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.

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

Avrupa is a growth-oriented exploration and development company focused on discovering economic mineral deposits, using a prospect generator model, in politically stable and prospective regions of Europe, including Portugal, Kosovo and Germany.

Avrupa has brought in partners on its exploration projects that have invested just under \$14 million in exploration in addition to funds spent by Avrupa. That exploration has led to two discoveries – one gold deposit in Kosovo and one area of VMS mineralization in the prolific Iberian pyrite belt famous for copper-zinc deposits in southern Portugal.

Avrupa is focused on advancing its exploration projects with funds from partners who can earn an interest in its projects by spending exploration funds. This method of funding exploration reduces dilution for shareholders.

The Company currently holds eight exploration licenses in three European countries, including five in Portugal covering 2,911 km², two in Kosovo covering 47 km², and one in Germany covering 307 km². Avrupa now has five active option and joint ventures, four in Portugal and one in Kosovo, including:

- The **Alvalade, Marateca and Mertola** properties with an international mining company on the Iberian Pyrite Belt in southern Portugal.
- The **Alvito Option Agreement** with OZ Minerals Limited covering one license in the Ossa Morena Zone in southern Portugal, for IOCG deposits;
- 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.

Avrupa continues to upgrade its precious and base metal targets to JV-ready status in a variety of districts, with the idea of attracting potential partners to project-specific and/or regional exploration programs.

During the year ended December 31, 2017, the Company continued to carefully manage its cash and corporate overhead activities. Detailed Mineral Property information, including 2017 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 and Byrnegut International Limited ("Byrnegut") had set up a joint venture entity known as Peshter Mining J.S.C. Byrnegut has been fully funding the program, allowing the Company to dilute its ownership in Peshter Mining J.S.C. to a 2% NSR royalty.
- The Company signed Alvito option agreement with OZ Minerals Limited ("OZM").
- The Company signed non-binding Letter of Intent with a subsidiary of an international mining company to option out Alvalade, Marateca and Mertola properties in the Iberian Pyrite Belt of southern Portugal.
- The Company completed a non-brokered private placement by issuing 2,500,000 common shares at a price of \$0.09 per share for gross proceeds of \$225,000 in April 2017.
- The Company completed another non-brokered private placement by issuing 10,170,000 units at a price of \$0.10 per unit for gross proceeds of \$1,017,000 in July 2017.
- The Company is highly experienced in Europe and is negotiating additional ventures on its existing portfolio of properties.
- On March 26, 2018, the Company also completed a non-brokered private placement by issuing 6,875,000 units at a price of \$0.08 per unit for gross proceeds of \$550,000.

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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.

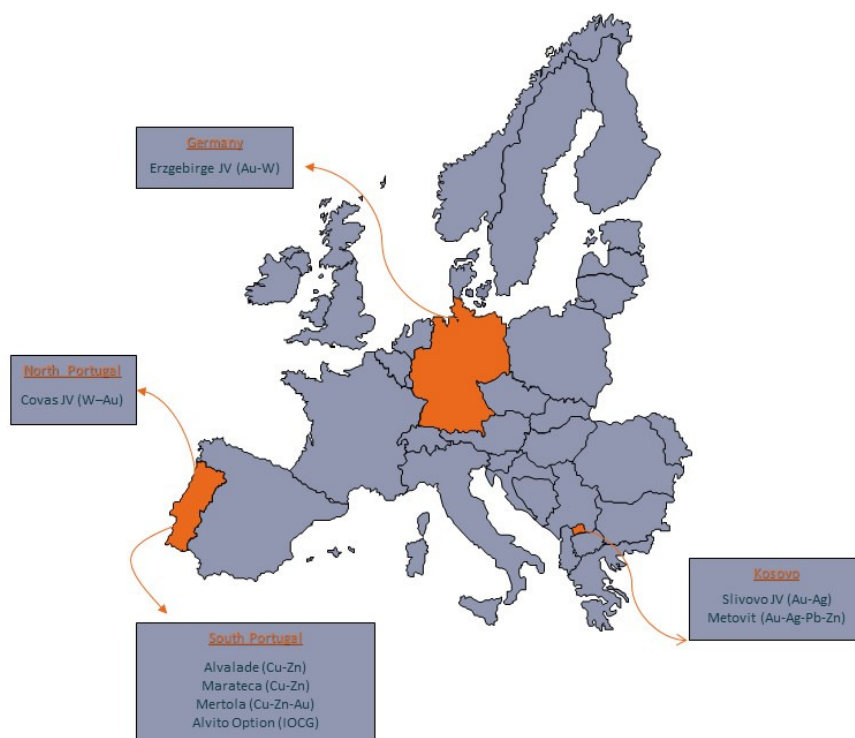
Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence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

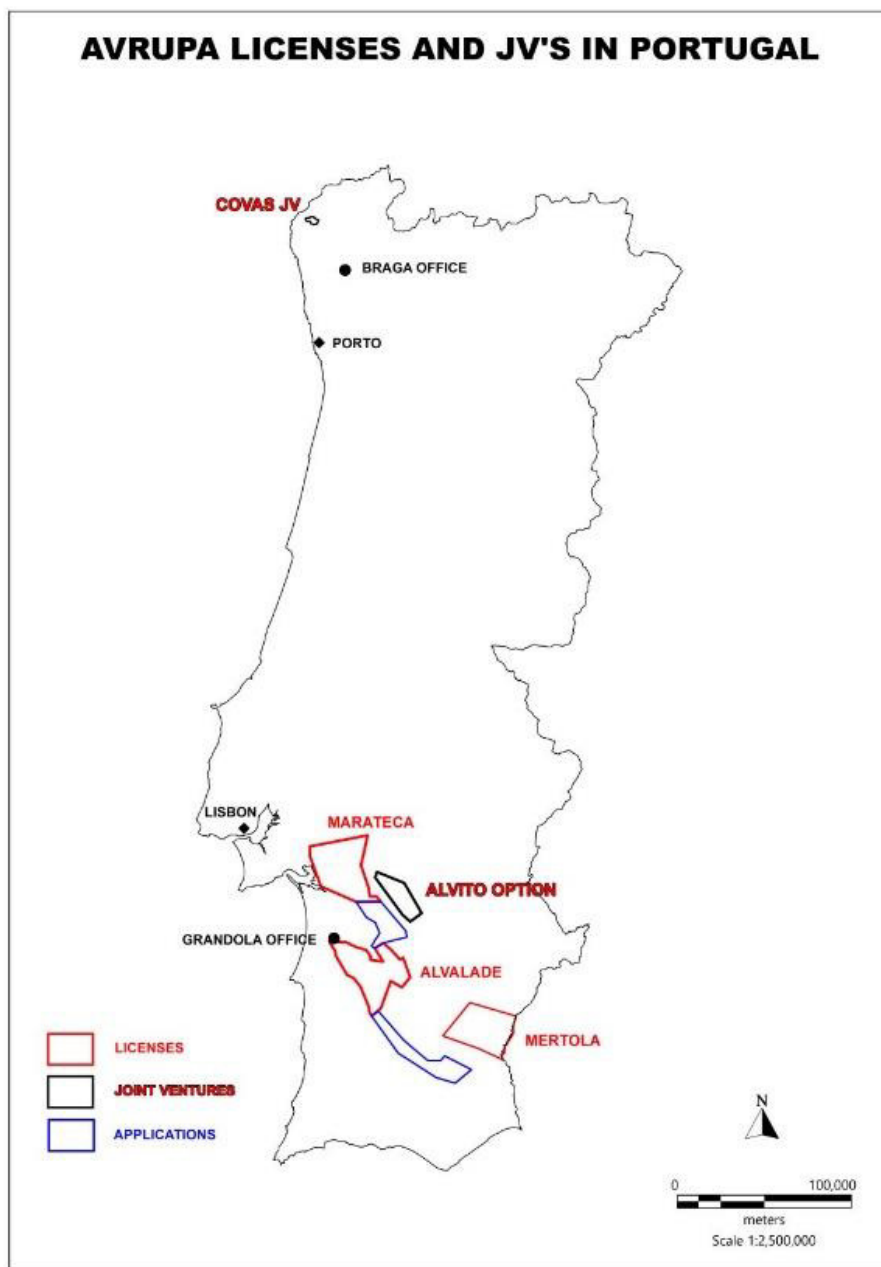
3. Mineral Properties

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) 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 had signed an earn-in option agreement with Australia-based OZ Exploration Pty. Ltd. (“OZE”), a wholly-owned subsidiary of 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* (amended to OZE must spend a minimum of AUS\$1,000,000 on or before July 5, 2018).
- 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.

On June 7, 2017, the Company announced the new exploration program had begun with OZE funding all exploration work. The exploration was focused on an area containing a large copper-in-soil anomaly with a strike extent of 24 kilometers.

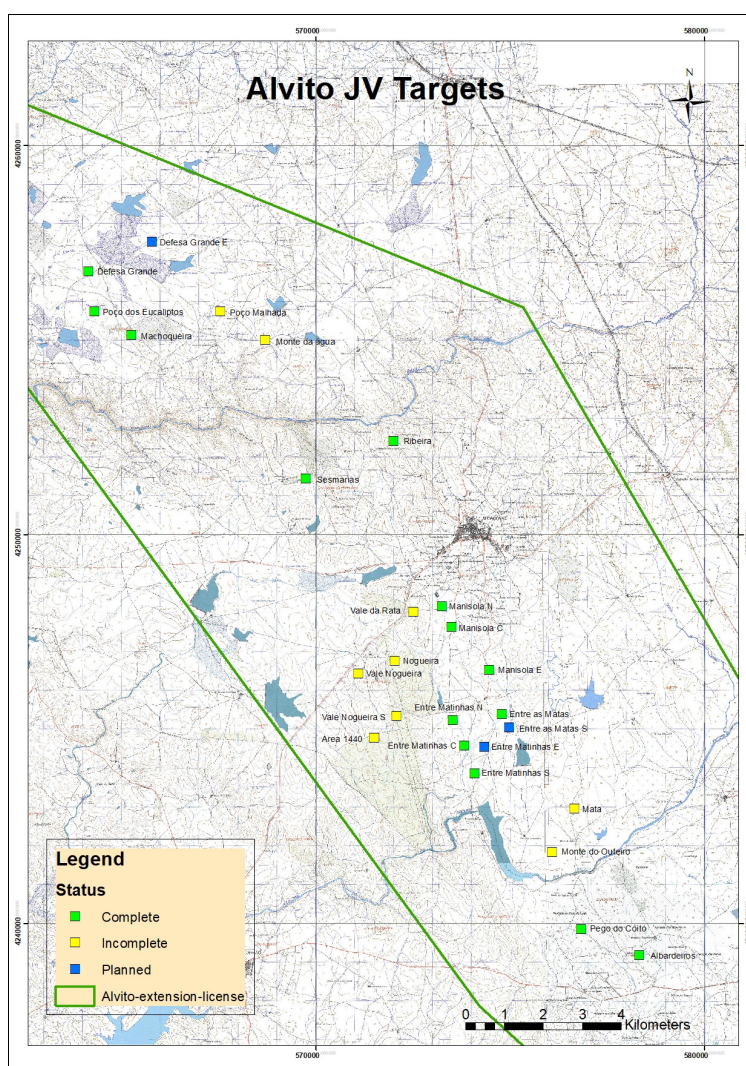
On October 3, 2017 and January 22, 2018, the Company updated that ground magnetics and gravity geophysical surveys, geological mapping, rock chip sampling, and drill targeting were completed. The exploration program had discovered new copper targets within the license area during the geophysical surveying and data collection. Successful targeting suggests that there may be reason to increase the proposed amount of drilling to 2000-2500 meters.

The following map and table summarize the targeting process at Alvito. Most exploration at Alvito has concentrated on the southern half of the license where numerous copper prospects along two sub-parallel, 10-km long, NNW-trending structures highlight the potential for copper-gold mineralization. However, latest work in the north after completion of the geophysics also suggests that there is potential for copper mineralization in a number of areas there, as well.

Target Name	Target Type	Target Name	Target Type
Entre Matinhas Central	Magnetite breccia	Monte da Agua	Quartz vein/fault
Entre Matinhas North	Magnetite breccia	Monte do Outeiro (North)	Dikes and fault
Manisela South	Fault (gossan)	Monte do Outeiro (South)	Fault and gossan
Cova Das Minas	Quartz vein and fault zone	Albardeiros	Fault and dikes
Manisela North	Fault, quartz vein and gossan	Pego do Coito	Fault and dikes
Entre Matinhas South	Fault	Poço Malhada	Mafic dykes and contacts
Ribeira	Dikes and faults	Machoqueira	Contact

Manisela East	Fault, breccia and gossan	Poço dos Eucaliptos	Contact and fault
Defesa Grande	Contact and faults	Area 1440	Faults?
Mata	Contact and fault intersection; magnetite breccia and quartz vein	Vale da Rata	Contacts?
Entre As Matas (North)	Fault	Entre Matinhas East	visit necessary
Vale Nogueira	Quartz vein and fault	Entre as Matas South	visit necessary
Entre As Matas (South)	Fault	Defesa Grande East	visit necessary
Nogueira	Fault and quartz vein		

Table 1. List of Alvito targets presently under consideration. Highest priority areas to date, based on results from geochem, geophysics, and geologic mapping, are shaded for emphasis.



Map of the Alvito license with location of targets.

Recent rock chip sampling and mapping suggest new targets in several areas, particularly around the **Mata** and **Monte do Outeiro** targets where geochemical anomalies in gold, copper,

bismuth, molybdenum, tungsten, lead, and zinc suggest the presence of a previously unsuspected, potentially mineralized, buried felsic intrusion. Gold and copper anomalism associated with magnetite breccias and gossans at the **Entre Matinhas**, **Entre as Matas**, and **Manisela** target areas are also high on the targeting list for the coming drill campaign. A number of copper-bearing quartz vein occurrences in the **Nogueira** and **Vale Nogueira** areas suggest further target possibilities in larger, less-explored parts of the Alvito license. Following is a table of recent rock-chip sampling results for gold and copper from a work order of 50 rock and QA/QC control samples.

Sample Site	Au ppm	Cu ppm	Description
Monte do Outeiro	1.475	13950	Gossan
Monte do Outeiro	0.58	4080	gossan, qtz vnlt
Monte do Outeiro	13.1	5820	gossan, qtz vnlt
Monte do Outeiro	0.237	6960	gossan
Monte do Outeiro	0.27	2910	gossan
Monte do Outeiro	0.009	3140	alt mafics, fracs
Pego do Coito	0.025	5320	gossan in mafics
Mata	0.888	823	silicified rx
Mata	0.017	1445	silicified breccia
Mata	0.05	11150	qtz vn w/mal
Mata	0.33	29500	silicified breccia
Mata	4.53	7900	gossanous volc rx
Cova das Minas	-0.005	1240	silicified syenite bx
Monte da Água	0.046	1270	gossan boulders
Monte da Água	0.035	1890	qtz vn w/mal, cpy
Monte da Água	0.008	1740	qtz vn w/mal, cpy
Vale Nogueira	0.077	26400	qtz vn w/mal
Vale Nogueira	0.067	23500	qtz vn w/mal
Nogueira	0.028	20200	qtz vn w/mal
Nogueira	0.072	26100	qtz vn w/mal
Manisela	-0.005	6750	qtz vn w/mal, cpy
Manisela	0.51	11100	gossan
Manisela	0.338	5080	Gossan

Table 2. Partial list of recent results for rock chip sampling around the Alvito license. Gold and copper results clearly upgrade these target areas. Further ground work will continue as part of the drill targeting process. Note consistent detectable gold values (up to 13.1 ppm) and high copper values (up to 2.95%) at Mata and Monte do Outeiro. Samples were prepared by ALS Minerals in their Seville, Spain facility and analyzed by ALS Minerals in their Loughrea, Ireland analytical laboratory to industry standards, including use of standard QA/QC protocols.

The Company and OZE plan to start drilling at the end of April 2018.

b) Alvalade

The Alvalade license contains past copper-zinc-iron producers at the Lousal and Caveira Mines, two Avrupa mineral discoveries at Sesmarias and Monte da Bela Vista, and at least 35 further, potentially drillable massive sulfide targets around the license.

The Company first entered into a Joint Venture agreement with Antofagasta Minerals S.A. ("Antofagasta") to undertake exploration on the Alvalade project in 2011. 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.

On June 19, 2017, the Company announced that it had recovered 100% ownership of the Alvalade project by forgiving approximately €160,000 in debts, assuming a deposit on the project of €75,000 and making future payments to its initial partner upon meeting certain milestones such as NI43-101 reports and commercial production from the project.

On October 3, 2017, the Company announced that its updated study of newly-available information shows that the Alvalade Project holds a significant brownfields / development target in the Caveira-Lousal-Sesmarias District with historical reports and data supporting such.

Avrupa's recent copper-lead-zinc discoveries at Sesmarias and Monte da Bela Vista also add to potential upgrades in this District. The Company has further identified greenfields exploration targets along the entire 20-kilometre trend.

On December 7, 2017, the Company signed an exclusivity agreement with a subsidiary of an international mining company (the "Funding Partner"), allowing the Funding Partner a right to negotiate the acquisition of an interest in the Alvalade property, the Marateca property and the Mertola property for non-refundable payments of €25,000 in respect of each property for a total of €75,000. Should a transaction be reached on these properties, these exclusivity payments shall be applied as a credit in favour of the Funding Partner.

On March 5, 2018, the Company announced that it had signed a non-binding Letter of Intent ("LOI") with the Funding Partner where the Funding Partner will provide a first stage earn-in amount of €13 million (approximately C\$20.3 million) for exploration programs over the next three years to acquire a 51% interest in the projects. The parties are currently finalizing a definitive agreement for each of the licenses.

The LOI includes the following earn-in terms:

- **Alvalade**

- For 51% of the license, spend €10 million over the next 3 years (including 30,000 meters of drilling);
- For an additional 24%, for a total of 75%, produce a feasibility study on any one particular project within the license area by the end of the pre-exploitation license period, or by the end of 2023, whichever is earliest.

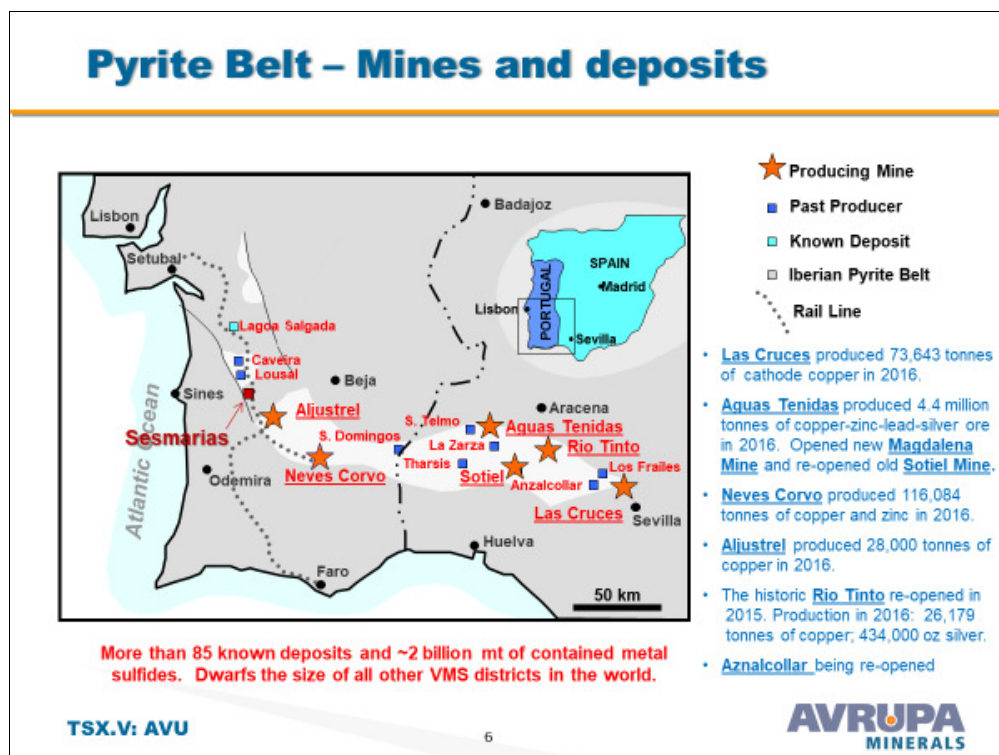
• Marateca

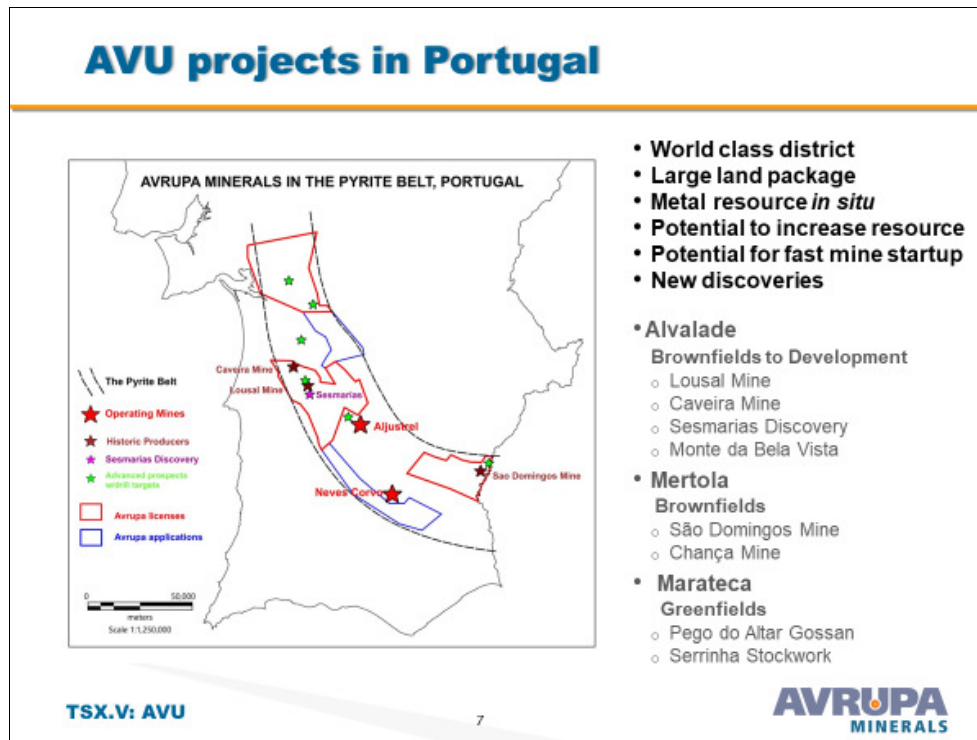
- For 51% of the license, spend €2 million over the next 2 years, including 10,000 meters of drilling;
- For an additional 9%, for a total of 60%, spend €4 million over the following 2 years, including a minimum of 10,000 meters of drilling;
- For a further 10%, for a total of 70%, produce a pre-feasibility study on any one particular project within the license area by the end of 2023.

• Mertola

- For 51% of the license, spend €1 million by the end of the exploration license period in 2019, including at least 2,000 meters of drilling;
- For an additional 9%, for a total of 60%, spend €2 million within two years of the start of the pre-exploitation license, including a minimum of 6,000 meters of drilling;
- For a further 10%, for a total of 70%, produce a pre-feasibility study, within three years of the 60% earn-in, or by the end of the pre-exploitation license period, on any one particular project within the license area.

Avrupa considers the three license areas to be highly prospective for copper and zinc. The Iberian Pyrite Belt (IPB) of Spain and Portugal reportedly hosts/hosted approximately 2 billion metric tonnes of massive sulfide material from over 85 known prospects, former producers, and presently producing mines, all located within the VS (Volcano-Sedimentary) rock formation that runs from Seville, Spain to near Lisbon, Portugal. Large mining operations in the IPB are currently located at Neves Corvo and Aljustrel in Portugal, and Rio Tinto, Aguas Tenidas, Magdalena, Sotiel, and Las Cruces in Spain. Aznalcollar, in Spain, is currently in development status.





c) Marateca

The Marateca license is a greenfields exploration project with at least 10 known outcropping or sub-cropping target areas located across the property, along with long strike lengths of buried VS target rocks between the outcropping targets.

On October 3, 2017, the Company updated the exploration progress on the Marateca Project, indicating that several targets are drill-ready, including the Pego do Altar gossan target, at which recent scout drilling demonstrated continuity of mineralization down dip from the gossan outcrops (see June 7, 2017's news release). The Company recently located two new potential target areas during regional exploration traverses.

On December 7, 2017, the Company signed an exclusivity agreement and on March 5, 2018, the Company announced that it had signed a non-binding LOI with the Funding Partner to option out the Marateca property. See section 3(a) b) Alvalade for details.

d) Mertola

The Mertola license covers past-producers at São Domingos and Chança, brownfields targets at both locations, and greenfields targets at Serra Branca and Alcaria Ruiva, as well as a number of other locations. Much of the license still needs first-pass reconnaissance and prospect work.

On October 3, 2017, the Company announced that it was preparing an updated study of the historic São Domingos Mine located on the eastern end of the license. New information suggests further brownfields exploration possibilities within sight of the mine complex, with several targets at the old Chança Mine, located less than 10 kilometers away from São Domingos, being drill-ready.

On December 7, 2017, the Company signed an exclusivity agreement and on March 5, 2018, the Company announced that it had signed a non-binding LOI with the Funding Partner to option out the Mertola property. See section 3(a) b) Alvalade for details.

e) Covas

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 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.

On October 3, 2017, the Company updated that plans for a drill test of a bulk tonnage tungsten target were underway with a single hole deep testing a coincident geophysical and geochemical anomaly was planned for Q4 2017.

In March 2018, Blackheath terminated the agreement and the Company wrote off \$71,289 as of December 31, 2017. The license will remain valid for several more months until the Portuguese Mining Bureau (DGEG) cancels the license.

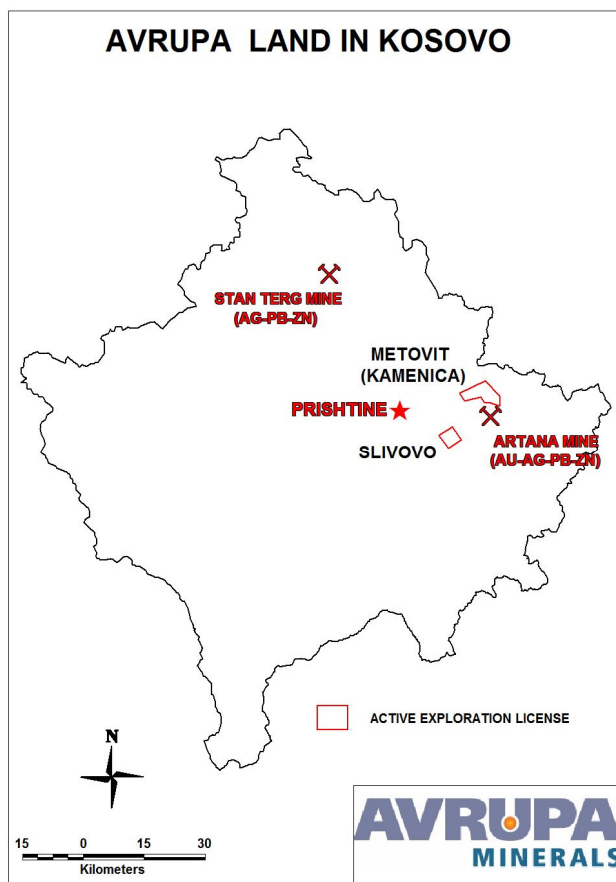
g) Exploration and prospect generation (countrywide)

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.

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

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. 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).

Upon the completion of the Slivovo Gold Project Study (the "Study") in early 2017, Byrnecut International Limited ("Byrnecut") earned into an 85% interest in the joint venture entity of Peshter Mining J.S.C. ("Peshter Mining") with Avrupa holding 15%. Avrupa decided not to participate in financing further drill program at Slivovo, allowing Byrnecut to dilute Avrupa's interest in Peshter Mining. If Avrupa's interest in Peshter Mining goes below 10%, Avrupa's interest will convert into a 2% NSR. As of December 31, 2017, Byrnecut spent over €3,350,000 in Peshter Mining, diluting the Company's interest in Peshter Mining to 11.06%.

On May 3, 2017, the Company announced that the 2017 drilling campaign on the Slivovo Project in Kosovo had started. The drilling was planned as a 3-phase, results-dependent program and was designed to discover, delineate, and define further high grade (defined in the Slivovo Project 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. Byrnecut is fully funding the program. Avrupa's portion of the Slivovo Project will therefore be diluted as funds are spent by Byrnecut.

On December 27, 2017, the Company announced that Byrnecut completed an 18-hole, 6,280-metre core drilling program.

The 2017 drill program was originally planned for 5,670 meters. The program was designed to focus on five areas of interest. These were designated as potential target areas to significantly expand the known, near-deposit mineralization modeled by BIL as part of their detailed technical study completed at the end of 2016. The study fulfilled their 85% earn-in commitment in the Project. Avrupa is no longer contributing to the program and expects to be diluted to a 2% NSR in 2018. The areas of interest (Figure 1) were designated as:

- Main Gossan Offset
- Gossan Extension
- Sandstone Gossan
- Deep IP Anomaly
- Dzemail

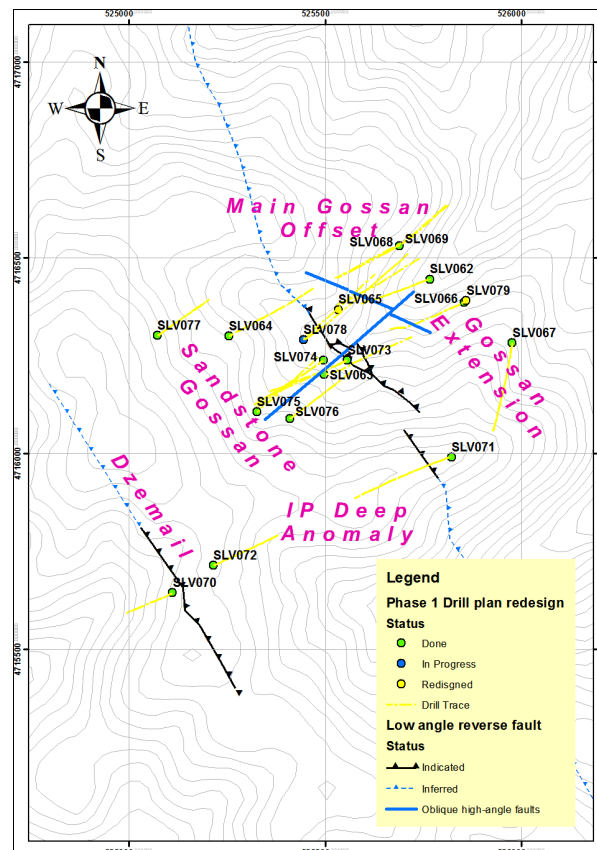
The targeting process for the program was assisted by utilization of data and modeling from previous work phases at Slivovo, which included:

- Four phases of historic drilling, 2014 - 2016
- Limited, but widespread soil and rock chip sampling, 2014 - 2016
- Focused, limited IP and EM geophysical surveys, 2016
- Limited field mapping, 2014 - 2016
- Structural interpretation
- Geological modeling

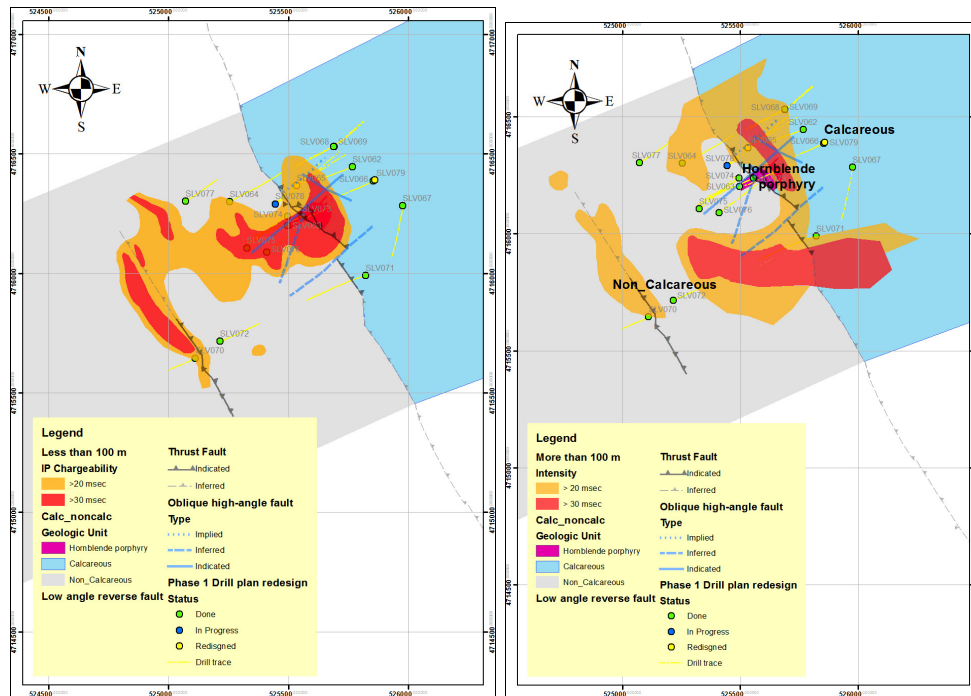
Targets were selected for viability based on three major factors:

- IP anomalies, shallow (less than 100 meters deep) and deep (greater than 100 meters deep), identified in the 2016 geophysical program
- Structural and geological models based on historic drilling and geological mapping
- Limited-in-scope, widespread geochemical surveys

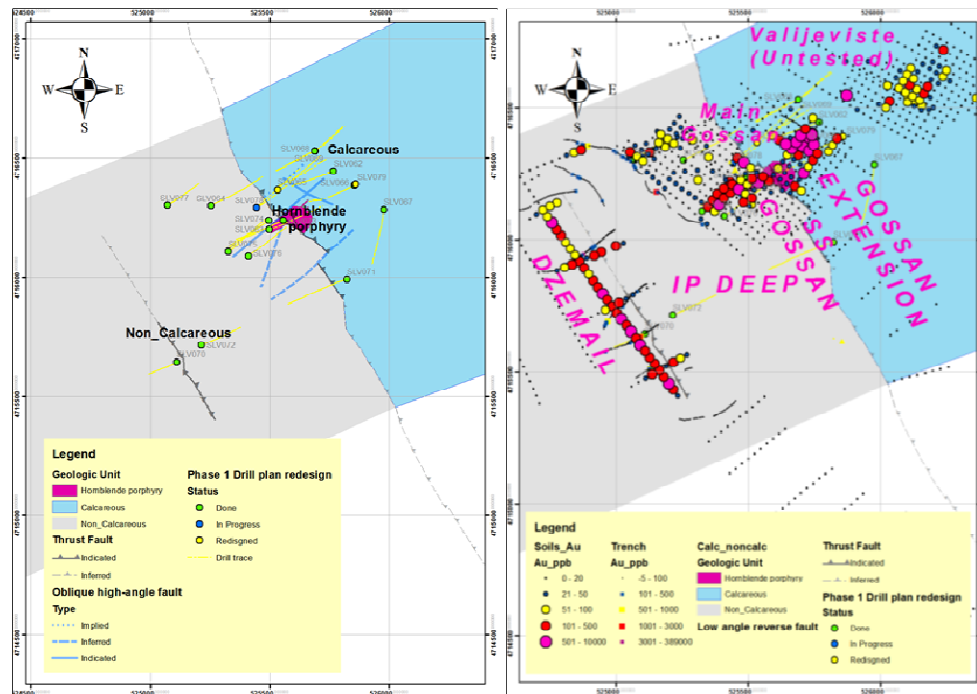
The following figure shows the locations of the five target areas and the 2017 drill holes and traces.



2017 drilling program at the Slivovo gold Project, Kosovo
(reproduced from BIL summary report, J. Geier, 2017).



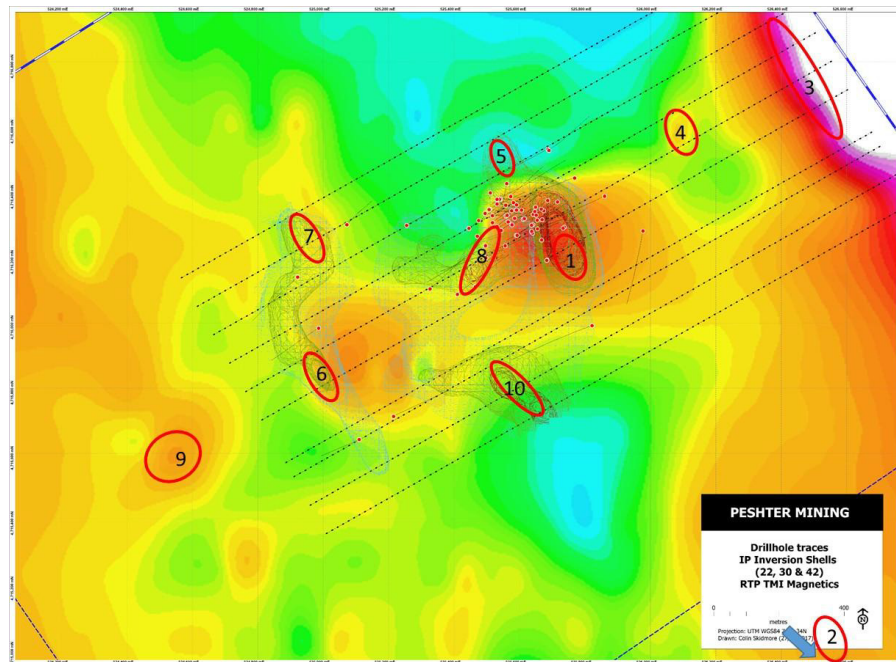
Illustrations of the location of the IP chargeability anomalies that factored into the targeting process for the 2017 drilling program (*reproduced from BIL summary report, J. Geier, 2017*)



Illustrations of the geology and structure at Slivovo, then overlain by anomalous gold-in-soil geochemistry at the Project (*reproduced from BIL summary report, J. Geier, 2017*).

Results from the drilling were mixed. New geological and structural information gained from the work indicated that the complexity of the Slivovo system is greater than originally suspected. Geochemical results from sampling of the mineralized core did not significantly extend near-surface gold mineralization. The combination of these results indicated new mineral possibilities in the immediate Slivovo target area, but none close enough to the surface to significantly increase the size of the present, potentially surface-mineable Slivovo gold deposit. Avrupa reported an indicated mineral resource conforming to NI 43-101 definitions of 640,000 mt of 4.80 g/t gold and 14.68 g/t silver, for 98,700 ounces of gold and 302,000 ounces of silver (May 5, 2016).

BIL commissioned a follow-up, independent technical report to verify potential of significant mineralization around the Slivovo deposit, at Peshter and Brus, as well as around the remaining areas of the license. Results of the independent study, completed in November 2017, diverged somewhat from earlier work, particularly in genesis and placement of the mineralization in the Slivovo area. Earlier work assumed mineral-bearing fluids originated from perhaps a single, large porphyry intrusive source on the property, allowing for potential of a larger deposit at Slivovo. The new work presumes however that Slivovo gold mineralization is sourced from a large, off-property intrusive center. Numerous small, satellite porphyritic intrusions emplaced perpendicularly to the mineral-hosting calcareous rocks at Slivovo, thus forming small mineral bodies around the Slivovo gold deposit. The independent study finally suggests a number of small (10K) to medium size (100K) targets within the license area, as shown below.



Range of targets on the Slivovo license. The Brus target, #2, lies off the map to the SE of target #10. Targets #1, #2, and #3, are the highest priority targets according to the independent study, with suggested possible target size of up to 100K ounces (*from BIL Independent Geological Report, 2017*).

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 km². 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.

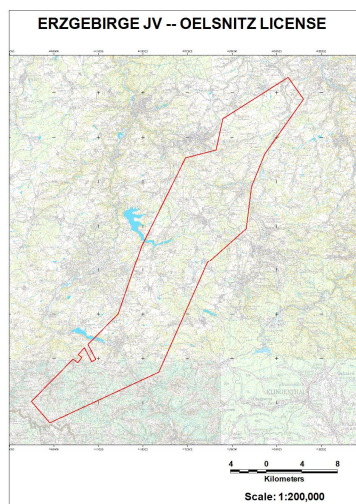
The Kamenica license has been dropped, but replaced by the fully-overlapping new Metovit application. ICMM has now approved the new license. In February 2016, Byrnescut advanced €31,871 for the Company to meet 2016 legal work commitments and further advance this property. Geological and geochemical review 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 the results have been tabulated, compiled and reviewed. Results of the sampling indicated geochemical anomalism along certain structures crossing the license. However, there were only a few indications of wide zones of potential mineralization. The possibility of further follow-up work is being discussed. The initial period of the Metovit license expires at the end of Q2 2018, and the Company will decide on whether to request an extension, as allowed by Kosovo mining law.

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, 2017 - \$252,083 (€192,576)), 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 and the Company is continuing to look for joint venture partnerships at the present time.



The Company's exploration expenses for the year ended December 31, 2017 and the cumulative exploration expenses since acquisition of MAEPA and Innomatik are:

	Portugal				Kosovo		Germany	Others	
	Alvalade	Covas	Alvito	Others	Slivovo	Others			Total
Exploration and evaluation assets									
Acquisition costs									
As of January 1, 2017	\$ 167,920	\$ 71,289	\$ -	\$ 1,096,840	\$ 143,155	\$ -	\$ -	\$ -	\$ 1,479,204
Write-down of property during the year	-	(71,289)	-	-	-	-	-	-	(71,289)
As of December 31, 2017	\$ 167,920	\$ -	\$ -	\$ 1,096,840	\$ 143,155	\$ -	\$ -	\$ -	\$ 1,407,915
Mineral exploration expenses for the year ended December 31, 2017									
Assaying	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,110	\$ -	\$ -	\$ 34,110
Concession fees and taxes	44,290	-	18,574	11,839	-	3,088	-	-	77,791
Depreciation	-	-	-	21,520	-	-	-	-	21,520
Geological salaries and consulting	98,544	98,520	527,082	278,198	-	73,176	-	-	1,075,520
Geology work	-	-	-	-	-	-	29,621	42,664	72,285
Insurance	347	-	814	5,090	-	-	-	-	6,251
Legal and accounting	-	-	16	155	-	13,500	-	-	13,671
Office and administrative fees	6,333	1,170	6,397	25,524	-	82,182	-	16,717	138,323
Rent	68,617	8,790	56,798	61,410	-	18,906	-	5,764	220,285
Site costs	2,474	552	19,811	8,848	-	3,625	-	1,392	36,702
Travel	2,067	450	25,606	5,692	-	6,976	-	5,564	46,355
Reimbursements from optionee	(5,259)	(109,482)	(655,098)	(10,356)	-	-	-	-	(780,195)
	\$ 217,413	\$ -	\$ -	\$ 407,920	\$ -	\$ 235,563	\$ 29,621	\$ 72,101	\$ 962,618
Cumulative mineral exploration expenses since acquisition									
Assaying	\$ -	\$ -	\$ -	\$ -	\$ 297,975	\$ 65,936	\$ 10,846	\$ -	\$ 374,757
Concession fees and taxes	265,266	197,339	102,053	347,498	9,998	201,789	4	-	1,123,947
Depreciation	-	-	5,515	75,593	-	-	-	-	81,108
Drilling	-	-	-	-	1,180,217	-	-	-	1,180,217
Geological salaries and consulting	6,204,805	2,089,720	1,106,225	2,476,006	119,801	607,591	12,359	-	12,616,507
Geology work	-	-	-	32,377	891,582	402,515	223,619	125,314	1,675,407
Insurance	18,607	10,550	4,321	30,415	14,604	14,790	-	-	93,287
Legal and accounting	296	130	158	698	58,158	13,500	-	-	72,940
Office and administrative fees	200,173	25,321	31,920	184,699	80,149	98,692	5,255	58,878	685,087
Rent	430,279	49,068	113,089	292,176	28,694	67,239	-	20,422	1,000,967
Report	-	-	-	-	24,232	-	-	-	24,232
Site costs	161,127	57,655	44,518	97,571	185,074	193,600	-	8,865	748,410
Travel	225,720	56,738	57,098	107,596	60,107	21,373	-	14,771	543,403
Trenching and road work	-	-	-	-	34,339	-	-	-	34,339
Reimbursements from optionee	(7,369,789)	(2,420,199)	(1,069,865)	(243,481)	(2,834,986)	(45,158)	-	-	(13,983,478)
	\$ 136,484	\$ 66,322	\$ 395,032	\$ 3,401,148	\$ 149,944	\$ 1,641,867	\$ 252,083	\$ 228,250	\$ 6,271,130

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, 2017 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, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Total revenues	\$ -	\$ -	\$ -
General and administrative expenses	863,695	1,083,313	816,418
Loss for the year	1,906,297	1,872,121	1,548,930
Loss per share	(0.02)	(0.03)	(0.03)
Total assets	2,130,105	2,481,925	2,653,550
Total long-term financial liabilities	24,058	-	-
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, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Total Revenues	\$ -	\$ -	\$ -	\$ -
Loss before other items	\$ 442,342	\$ 425,075	\$ 492,866	\$ 466,030
Net loss	\$ 510,544	\$ 436,948	\$ 491,829	\$ 466,976
Loss per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01

	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

6(c) Review of Operations and Financial Results

For three months ended December 31, 2017 and three months ended December 31, 2016

During the three months ended December 31, 2017, the Company reported a loss of \$510,544 (\$0.01 loss per share) (2016 – \$738,595 (\$0.01 loss per share)).

Excluding the non-cash depreciation of \$378 (2016 – \$1,246), the Company's general and administrative expenses amounted to \$187,477 during the three months ended December 31, 2017 (2016 – \$259,255), a decrease of \$71,778 as a result of the decrease in consulting of \$18,138 (2016 - \$30,154), investor relations of \$61,435 (2016 - \$104,635) and office and administrative fees of \$14,833 (2016 - \$33,224). The Company has been conserving cash. The Company incurred a write-down of exploration and evaluation assets of \$71,289 (2016 - \$Nil).

During the three months ended December 31, 2017, the Company expensed exploration costs totaling \$547,510 including \$82,312 on Covas, \$55,857 on Alvalade, \$195,096 on Alvito, \$82,415 on other projects in Portugal, \$118,134 on other projects in Kosovo, and \$13,696 on others. During the three months ended December 31, 2016, the Company expensed \$308,236 in exploration costs which included \$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.

For the year ended December 31, 2017 and years ended December 31, 2016 and 2015

During the year ended December 31, 2017, the Company reported a loss of \$1,906,297 (\$0.02 loss per share) (2016 – \$1,872,121 (\$0.03 loss per share); 2015 - \$1,548,930 (\$0.03 loss per share)).

Excluding the non-cash depreciation of \$2,589 (2016 - \$5,176; 2015 - \$5,765) and share-based payment of \$110,564 (2016 – \$270,698; 2015 – \$192,043), the Company's general and administrative expenses amounted to \$750,542 during the year ended December 31, 2017 (2016 - \$807,439; 2015 - \$618,610), a decrease of \$56,897 from the year ended December 31, 2016 as a result of the decrease in consulting from 2016's \$266,573 to 2017's \$124,520 while being offset by an increase in investor relations (from 2016's \$191,544 to 2017's \$292,430) due to the Company raising more investors awareness. The Company incurred a write down of due from optionee of \$1 (2016 - \$238,705) and a write-down of exploration and evaluation assets of \$71,289 (2016 - \$Nil).

During the year ended December 31, 2017, the Company expensed exploration costs totaling \$1,742,813 including \$109,482 on Covas, \$222,672 on Alvalade, \$655,098 on Alvito, \$418,276 on other projects in Portugal, \$235,563 on other projects in Kosovo, \$29,621 on its project in Germany, and \$72,101 on others. 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.

6(d) Liquidity and Capital Resources

As at December 31, 2017, the Company's working capital was \$27,102 (December 31, 2016 - \$484,426). With respect to working capital, \$182,794 was held in cash (December 31, 2016 - \$518,196) and \$167,910 was held in restricted cash (December 31, 2016 - \$4,175). The decrease in cash was mainly due to the general administrative expenses and exploration work expense while being offset by net proceeds from issuance of common shares.

On April 20, 2017, 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.

On July 12, 2017, the Company completed a non-brokered private placement by issuing 10,170,000 units ("Unit") at a price of \$0.10 per Unit for gross proceeds of \$1,017,000. Each Unit consists of one common share and one non-transferrable warrant. Each warrant entitles the holder to purchase one additional common share for a 3-year period at a price of \$0.15.

Subsequently, on March 26, 2018, the Company completed a non-brokered private placement by issuing 6,875,000 units at a price of \$0.08 per unit for gross proceeds of \$550,000. 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 2 year period at a price of \$0.12.

Subsequently, the Company granted a total of 1,840,000 stock options at an exercise price of \$0.10 per share for a period of five years to its directors, officers, employees and consultants.

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 \$177,613 (€118,000) 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, 2017, the Company's share capital was \$8,786,896 (December 31, 2016 - \$7,994,373) representing 86,918,797 common shares (December 31, 2016 – 74,248,797 common shares).

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

Expiry date	Exercise price	December 31, 2016	Granted	Exercised	Expired/ cancelled	December 31, 2017
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	1,145,000	-	-	-	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
April 26, 2022	\$0.10	-	1,310,000	-	-	1,310,000
Options outstanding		6,055,000	1,310,000	-	(1,120,000)	6,245,000
Options exercisable		6,055,000	1,310,000	-	(1,120,000)	6,245,000
Weighted average exercise price		\$0.15	\$0.10	\$Nil	\$0.25	\$0.12

The continuity of warrants for the year ended December 31, 2017 is as follows:

Expiry date	Exercise price	December 31, 2016	Issued	Exercised	Expired	December 31, 2017
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
July 12, 2020	\$0.15	-	10,170,000	-	-	10,170,000
Outstanding		40,857,000	10,170,000	-	(16,390,000)	34,637,000
Weighted average exercise price		\$0.22	\$0.15	\$Nil	\$0.33	\$0.15

The continuity of finder's options for the year ended December 31, 2017 is as follows:

Expiry date	Exercise price	December 31, 2016	Issued	Exercised	Expired	December 31, 2017
August 22, 2017 ⁽¹⁾	\$0.25	152,600	-	-	(152,600)	-
July 14, 2018	\$0.10	99,000	-	-	-	99,000
July 4, 2019 ⁽²⁾	\$0.10	411,250	-	-	-	411,250
Outstanding		662,850	-	-	(152,600)	510,250
Weighted average exercise price		\$0.13	\$Nil	\$Nil	\$0.25	\$0.10

⁽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 \$7,080,763.

As of the date of this MD&A, there were 93,793,797 common shares issued and outstanding and 144,312,297 common shares outstanding on a diluted basis.

6(f) Commitment and Contingency

As of December 31, 2017, the Company had a total of \$177,613 (€118,000) (2016: \$218,202 (€154,000)) 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, 2017

	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	\$265,828	\$Nil	\$Nil	\$Nil	\$53,262	\$16,880	\$335,970
Winnie Wong, Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$12,660	\$12,660

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

Related party assets / liabilities

	Services	Years ended			As at December 31, 2017	As at December 31, 2016
		December 31, 2017	December 31, 2016	December 31, 2015		
Amounts due to:						
Pacific Opportunity Capital Ltd. ^(a)	Rent, management and accounting services	\$ 218,690	\$ 236,975	\$ 254,775	\$ 21,134	\$ 16,406
Paul W. Kuhn	Consulting and housing allowance and share-based payment	\$ 335,970	\$ 349,813	\$ 333,037	\$ 16,776	\$ 6,446
Paul L. Nelles ^(b)	Salaries and share-based payment	\$ 23,320	\$ 35,387	\$ 100,526	\$ Nil	\$ Nil
Michael Diehl ^(b)	Salaries and share-based payment	\$ Nil	\$ Nil	\$ 47,213	\$ Nil	\$ Nil
Mineralia ^(c)	Consulting	\$ 198,089	\$ 239,882	\$ 254,598	\$ 17,496	\$ 16,469
B&B Renting and Consulting Lda. ^(d)	Rent	\$ 42,026	\$ 26,293	\$ Nil	\$ 4,117	\$ 32,786
Adriano Barros ^(c)	Share-based payment	\$ 16,880	\$ 11,389	\$ 4,550	\$ Nil	\$ Nil
TOTAL:		\$ 834,975	\$ 899,739	\$ 994,699	\$ 59,523	\$ 72,107
Amounts due from:						
Peshter Mining J.S.C ^(e)	Office, equipment, vehicles, insurance and consulting	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 4,742

- (a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.
(b) Mineralia, a private company partially owned by the general manager of MAEPA.
(c) B&B Renting and Consulting Lda., a private company partially owned by Adriano Barros, the general manager of MAEPA.
(d) Peshter Mining J.S.C is a joint venture entity owned by Byrncut and Innomatik.

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 optionees 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, 2017, the Company had cash of \$182,794 (December 31, 2016 - \$518,196), VAT receivables of \$36,666 (December 31, 2016 - \$43,176), investments – available for sale of \$Nil (December 31, 2016 - \$84,862) and other receivables of \$30,559 (December 31, 2016 - \$19,438) to settle current liabilities, net of funds held for optionees and accounts payable owed by optionees, of \$204,761 (December 31, 2016 - \$127,970).

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 \$67,400 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 \$18,300.

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.

As at December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Cash	\$ 182,794	\$ -	\$ -	\$ 182,794
Restricted cash	167,910	-	-	167,910
	\$ 350,704	\$ -	\$ -	\$ 350,704

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, 2017 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)

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 Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

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 Dirksen, M.S.
Ross Stringer, CPA, CA
Dr. Paul Nelles
Frank Högel

Audit Committee members:

Mark T. Brown (Chair), Paul Dirksen and Ross Stringer

Management:

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