Background

This management discussion and analysis ("MD&A") of financial position and results of operation is prepared as of November 23, 2011 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the unaudited financial statements and the related notes for nine months ended September 30, 2011 and the Company's audited financial statements for the eight months ended December 31, 2010. All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Company Overview

Avrupa Minerals Ltd. (formerly Everclear Capital Ltd.) (the "Company" or "Avrupa") completed its Qualifying Transaction ("QT") on July 13, 2010 to acquire 90% of the issued and outstanding shares in MAEPA Empreendimentos Mineiros e Participacoes Lda., a private Portugese company ("MAEPA") and (b) 92.5% of the issued and outstanding shares of Innomatik Exploration Kosovo LLC, a private Kosovo company ("Innomatik"). The Company received the final approval from the Exchange for its QT and its common shares resumed trading under its current name and trading symbol "AVU.V" as of July 14, 2010.

Highlights

Exploration Activities

<u>Portugal</u>

The Company's exploration program 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. The Company controls a large land position of approximately 1,375 square kilometers in the northern part of the Pyrite Belt where the least amount of systematic exploration for copper- and zinc-bearing massive sulfide deposits has occurred. The Company is currently drilling in the Serrinha District on its **Marateca** license.

The Company has compiled, reviewed, and re-processed a large amount of data generated by previous explorers in the Lousal-Caveira Mining District, which is covered by three contiguous properties: **Alvalade**, **Canal Caveira**, and **Ferreira do Alentejo**. The package of licenses is now covered by a Memorandum of Understanding with Antofagasta Minerals SA ("AMSA"), a Chilean-based copper mining company, which after a six-month Initial Study period can move onto a full-fledged joint venture where AMSA can acquire 51% of the project area by funding US$4 million over three years in exploration expenses. AMSA can earn-in to 75% of the property package by bringing one project to feasibility stage within an additional five years. The two companies are continuing to upgrade several targets in the proposed JV area as an integral part of the Initial Study work.

The Company controls a small, but good grade tungsten deposit (**Covas**) in northern Portugal. The Covas license has been optioned out to Blackheath Resources Inc., a Canadian exploration company, who can eventually control 85% of the property by bringing the prospect to pre-feasibility stage.

The Company is also actively exploring in other parts of the country, using its experience-amassed database to review old prospects and districts from new angles and to develop wholly new generative ideas. The Company has a number of applications for attractive areas in early-stage processing at the Portuguese Mining Bureau. The government of Portugal has notified Avrupa that the Aljezur license, located in southernmost Portugal, will be signed in early November. The Company understands that two other licenses, Arga (adjacent to Covas) and Alvito (located in the Ossa Morena Zone north of the Pyrite Belt), may be approved before the end of 2011.

a) Marateca

The Company planned a three-hole scout drilling program to test for the possibility of a Neves Corvo-style massive sulfide system in the Serrinha District at the northern end of the Portuguese Pyrite Belt. Two of the holes at the Volta and São Martinho locations targeted classic massive sulfide mineralization based on interpretation of gravity, reflection seismic, and IP-Resistivity geophysical data. The third target, at the Serrinha location, was based more on the surface presence of exhalitive-style mineralization and alteration, anomalous soil geochemistry (Cu, Pb, Zn, Ag, As, Sb, Ba, Mn, Hg), and a broad subsurface IP chargeability anomaly that may indicate the possibility of stockwork or VMS feeder-zone mineralization. The first pass exploratory drilling was designed to better understand the targets and to add to the total knowledge of the target area, making the project more attractive to potential joint venture partners.

Avrupa initiated the drilling in the Serrinha District on the Marateca license in late 2010. The Company originally planned a 3-hole, 1300-meter campaign to upgrade the understanding of two classic massive sulfide targets (São Martinho and Monte de Volta) and one stockwork sulfide target (Serrinha). To date, three holes have been completed, and despite difficult drilling conditions in fault zones and silicified rock units, the program is continuing with a fourth drill hole.

The following table details the status of each hole.

Target area	Hole ID	Planned Depth	Final TD	Comments
São Martinho	SM 11-01	500	400.70	Lost hole in a major thrust fault zone, just above the presumed target depths.
Monte de Volta	MV 10-01	500	309.00	Lost hole in fault zone
Serrinha	SE 11-01	300	338.80	Reached planned depth, but poor recovery in mineralized target zone at ~ 140-170 meters
Serrinha	SE 11-01A	175	174.40	Re-drill of SE 11-01 to investigate target zone
Totals	**4 holes**	**1475**	**1222.90**	

The first attempt at the São Martinho hole was drilled to 333.60 meters, before being lost due to difficult drilling conditions. However, the hole was cleaned out and cased to depth, and the Company continued coring towards the geophysical target which lies at a depth below 400 meters. The hole was lost again in a thick, clayey thrust fault zone at 400 meters without reaching the main target. The sheared rocks in the lower 200 meters of SM 11-01 normally lie stratigraphically above units that typically host the sulfide units in the Iberian Pyrite Belt.

Drilling at the Monte de Volta target halted above the target zone due to inability to penetrate further. Avrupa may attempt to re-drill the hole to the planned target depth in order to test the geophysical target.

Avrupa re-drilled the upper portions of the Serrinha hole to collect better samples of the zone of strong alteration and possible mineralization, located at 135.82-184.30 meters in SE 11-01. A fine grained (-80 mesh), pyrite-rich sludge sample that was collected from a potentially mineralized zone, located at 156.80-168.10 meters in SE 11-01, ran 263 ppm silver, 993 ppm copper, 997 ppm tungsten, and 358 ppm zinc. The coarse fraction of the same sample ran 80.7 ppm silver and 1060 ppm tungsten. Core recovery from this interval was less than 5%, and thus the Company collared SE 11-01A, about 10 meters to the southeast of SE 11-01.

The core samples from SE 11-01A are strongly altered, weakly pyritic, and un-mineralized felsic volcanic rocks, while the fine pyrite-rich sludge samples contain up to 77.6 ppm silver, averaging 17.7 ppm silver over the 33-meter collection interval at 141.40-174.40 meters. Copper values are also weakly anomalous up to 437 ppm, as are tungsten results, to 520 ppm. The coarse fraction of the sludge also contains anomalous silver values, ranging up to 48.5 ppm over the same interval. Based on the geochemical results, detailed core logging, and physical appearance of the sludge samples in zones of poor core recovery, it appears that the Serrinha holes intersected a zone of stockwork quartz-pyrite mineralization hosted by strongly altered felsic volcanic rocks. Due to poor drillhole conditions, a downhole TEM geophysical survey did not contribute any new information to the knowledge base for the Serrinha area. However, follow-up geological mapping and sampling has identified several chert units not tested by the Serrinha drilling, but possibly related to potential mineralization in the district.

The Company has, with assistance from the Geological Survey in Portugal (LNEG), identified nine other areas of interest within the boundaries of the 375 square kilometer Marateca license. One of these additional targets, located about 6½ kilometers south of Serrinha, is a strong gravity anomaly that is also drill-ready. The other prospect areas, at varying levels of exploration status, are based on gravity anomalies, favorable geology and structure, and in one case, soil geochemistry surrounding veins containing copper and zinc mineralization. Plans for this work will be developed after completion of the Serrinha District drilling and review of the results from the three diamond drill holes.

b) Alvalade JV Project (including Caveira and Ferreira do Alentejo)

The Company holds the exploration rights to 1,000 square kilometers in three contiguous licenses located between the Marateca license and the operating Aljustrel Zn-Cu-Fe Mine. The properties cover a number of areas of mineralization and formerly working mines, including the Lousal and Caveira Mines. The Company has mostly completed compilation and re-interpretation of historic geophysical, geological, and geochemical data for the Lousal-Caveira district and has identified numerous untested targets. The study is being funded by Antofagasta Minerals SA (“AMSA”), under a Memorandum of Understanding signed on June 3, 2011 and announced on June

6, 2011, with the goal of delineating hard drilling targets prior to final agreement on JV details. Further details of the agreement are provided below.

The Company contracted US-based Gradient Geophysics to re-process old airborne geophysical data purchased from LNEG. The magnetic and gravity data was originally collected in the 1980's and 1990's by previous operators in the northern Pyrite Belt. With more recent technology and a better knowledge of the district, the Company has enhanced the targeting of potentially anomalous areas in the project area. Gravity surveys have been a key prospecting tool in the Pyrite Belt of both Portugal and Spain. With receipt of this re-processed information, AMSA has assisted in further, more-detailed interpretations, utilizing wide geological and geophysical knowledge and experience in exploration for massive sulfide deposits.

Prior to the MOU with AMSA, the Company's geologists re-logged and sampled 25 old drill holes from the district. General observations include: a) most of the holes were never sampled; b) some of the holes that contain stockwork sulfide mineralization were not sampled; c) several of the holes contained thin layers of massive iron-copper-zinc sulfide mineralization, and these were not sampled; d) most of the holes bottomed in rock units that typically lie stratigraphically above the potentially mineralized horizons; and e) the bottoms of these holes were not sampled. Complete analytical results from approximately 550 samples, including those for gold, base metals, platinum group metals, REE's, and standard multi-element packages have been processed at the ALS Chemex laboratory in Vancouver, Canada. Whole rock analyses, used for determining alteration trends, have also been processed at ALS Chemex. This data is being used to upgrade and expand previous drill targeting work for the district.

The Company used its regional knowledge and the records of widespread previous drilling in over 250 locations on the properties to construct and upgrade maps for the depth to basement rocks and the inferred geology of the basement rocks of the Lousal-Caveira District. This work has lead to a better understanding of the regional subsurface structure, the location of potential basins where massive sulfide mineralization is more likely to exist, and emphasis of the fact that there are probably three belts with potential for mineralization passing through the license block, rather than the previously-understood two belts.

Following is a history of the work since signing of the first agreement with AMSA.

On June 6, 2011, the Company announced that it signed a Memorandum of Understanding ("MOU") with Antofagasta Minerals S.A. ("AMSA") to undertake exploration for copper-zinc massive sulfide deposits on the Alvalade project

The agreement will cover three Avrupa licenses: Alvalade, Canal Caveira, and Ferriera do Alentejo. Formerly operating Lousal and Caveira mines are located within the 1,000 square kilometer. AMSA has committed US$300,000 over a 6-month period to complete an Initial Study of the project, which will include acquisition of all remaining historic data, re-logging of selected drill holes, systematic sampling, and integrated geological and geophysical interpretation of the targeted areas. Upon completion of the Initial Study and positive due diligence, the Company will grant to AMSA the option to acquire an undivided 51% of the project, which can be exercised by AMSA funding or incurring expenditures of an additional US$4 million over three years. After exercise of the first option, AMSA will be granted a further option to acquire an additional 24% interest in the project, for an aggregate 75% undivided interest, by completing and delivering a Feasibility Study on the project to the Company within five years. The Company will operate the joint venture through the first option period.

At the start of the Initial Study, first-pass review of re-processed regional gravity and magnetics covering the Alvalade license led to the identification of up to ten target areas on the potential Alvalade JV property. The Company is presently upgrading two of these areas – Aldeia dos Elvas and Azinheira dos Barros – with the idea of defining drill targets for the potential Alvalade Joint Venture. Four more of the target districts need further detailed examination, while the other four areas have been temporarily downgraded, though will be re-visited at a later date. Further first-pass review of recently completed re-processing of regional geophysics, covering the entire three-license block (Canal Caveira, Ferreira do Alentejo, and Alvalade licenses), is continuing.

On October 19, 2011, the Company announced that work completed to date included re-logging of an additional 31 historic drill holes, collection of approximately 250 more samples from the drill core, re-processing of regional gravity and magnetics data, first-pass selection of specific target areas, including the Azinheira dos Barros and Aldeia dos Elvas locations, detailed re-processing of gravity data for the Aldeia area, and 1:10,000-scale geologic mapping and rock chip sampling at Aldeia and Azinheira. Integration of geophysical data, geochemical data, and the results of recent surface work in these two districts suggests the potential for multiple drilling targets in both places.

c) Covas

The Covas tungsten deposit is a ring of tungsten-bearing pyrrhotite skarns that surrounds a 3 kilometer by 2 kilometer presumed buried multiple-intrusion complex, called the Covas Dome. Previous operators drilled nearly 27,000 meters in 329 drill holes, and Union Carbide, the last major explorer in the district, developed a **non 43-101 compliant historic resource** of 922,900 thousand metric tonnes @ 0.78% WO_3 at Covas. Information about the historic Covas tungsten resource comes from NI 43-101 technical report entitled “Covas Tungsten Deposit”, written for Wega Mining ASA by B.J. Price, P. Geo., in 2007. The Company has not completed sufficient work to validate the information, although it is considered to be reliable and relevant. Despite the large amount of drilling, the skarn ring has only been about 40% explored, and only cursory work has been completed in the Dome area.

The Avrupa field team completed a 300-sample, 25 line-kilometer soil grid over the entire Covas Dome area in late 2010. This work was directed towards assessing the potential of identification of a larger, bulk-tonnage type of tungsten deposit. On March 7, 2011, the Company announced that the results from the soil sampling for multi-element analyses, performed by ALS Chemex in Vancouver, suggest further potential for tungsten mineralization in a number of places around the 3 kilometer by 2 kilometer Dome, particularly in the southeastern third of the presumed multiple intrusion complex.

The Company commissioned a review and re-processing of a grid magnetometry study completed over the entire deposit area in 2007-09 by MAEPA. This review was directed towards identification of further tungsten-bearing pyrrhotite skarn mineralization, and was performed by Gradient Geophysics. Final results demonstrated the potential for untested tungsten-bearing skarn bodies, both in the Skarn Ring and in the Dome area at Covas. Elements of structural relationship and control between locations of already-known mineralization and potential new areas of mineralization are clearly demonstrated in the re-process work.

The new geochemical and geophysical work, coupled with previous mapping and sampling around the entire district, as well as with recent prospecting and first-pass geological mapping in the Dome area, shows at least half a dozen coincident, geochemical, geophysical, and geological anomalies that can be upgraded into drill targets and will require drill testing. The goal for this work will be to double the resource of high grade skarn-related mineralization in the Skarn Ring zone, and to unlock the potential of intrusion-related mineralization in the Dome complex.

The European Commission has recently concluded that tungsten is one of 14 critical natural resources needed for the continued economic viability of the European Union. Further work and upgrade of the Covas deposit may potentially provide a new European source of this critical metal. The Company is actively engaged in the identification of a suitable joint venture partner to move the project to the next level of development.

On May 18, 2011, the Company announced the signing of an agreement to option out the Covas tungsten project to Blackheath Resources Inc. (“Blackheath”). Under the terms of the agreement, Blackheath has the option to earn a 51% interest in the project by spending €300,000 in exploration on the project before March 20, 2013, of which €150,000 is a firm commitment and must be spent by March 20, 2012. Blackheath can then earn an additional 19% by spending a further €700,000 for a total interest of 70% for total expenditures of €1,000,000, by March 20, 2014. Blackheath can also earn another 15% for a total interest of 85% by completing a pre-feasibility study (as defined by NI 43-101 regulations) on the property by March 20, 2016.

During the nine months ended September 30, 2011, Blackheath completed the €150,000 exploration commitment by incurring €26,127 directly, reimbursing €64,687 for MAEPA’s exploration expenses and advancing €59,186 to the Company for future exploration work.

On July 12, 2011, the Company announced the results of geological mapping, sampling, and drill targeting in the Covas Dome portion of the Covas W-Au project under the work program funded by Blackheath. The most important result of the work by senior American-based consultant Bill Fuchs, Ph.D., C.P.G., of SFM Micro is the identification of a significant Reduced Intrusion-Related Gold (RIRG) target in the Covas Dome area. The target area lies along an east-west trending magnetic lineament and presumed structural zone that, at present, measures +900 meters in length by an average of 100 meters in width. The anomalous zone, generally located in an area of thick vegetation and lack of outcrop, is open-ended to both east and west.

The target zone is defined by the occurrence of quartz veining and mild to occasionally moderate development of gossan in and around the veining. Quartz veins contain arsenopyrite and pyrite and/or oxidized versions of arsenic-bearing sulfides. In addition, there is a quartz-muscovite greisen breccia blowout located in the same trend area. All but one of the 44 samples collected in the anomaly area contained detectable gold, with the best result being 10.2 g/t Au. In addition, many samples contained strongly anomalous silver up to 45.2 ppm Ag, overlimit arsenic greater than 10,000 ppm, and highly anomalous bismuth and lead. Soil samples in the same area also carried anomalous tellurium. Of the 44 samples, eight samples (18%) contained gold values greater than 440 ppb, and 18 samples (41%) contained detectable gold values above 100 ppb. The geochemical signature of the rock sampling results is similar to other RIRG's found in the Tintina Gold Belt of the US and Canada.

In addition to the discovery of the previously-unknown gold potential at Covas, this season's work, combined with earlier work completed in 2009, has delineated and upgraded a total of 17 tungsten and now gold targets lying in the Covas Dome and the Skarn Ring prospect areas. Further work, including trenching and several drill holes, will be planned for later in the year after Blackheath has completed its TSXV listing obligations and fund-raising program.

d) Exploration and prospect generation (Countrywide)

Given the Company's long experience in Portugal through MAEPA, new ideas and prospect generation are also an important part of exploration in the country. The Company's team has identified a district in southern Portugal where previous stream sediment sampling has produced significant clusters of copper and zinc anomalies around the margins of a known intrusive body.

The Company has made three new license applications in Portugal, which have now been forwarded to the Portuguese government for signature. This is the final step in acquisition of a mineral property in Portugal. The Company has been informed that the Aljesur license will be signed in the 4th quarter of 2011. The other two license contract agreements are on track to be finalized before the end of the year.

Aljesur Property
The Aljesur application covers 270 square kilometers of land in southwestern Portugal with the target being potential precious metal mineralization related to an alkalic intrusion complex. Copper and zinc stream sediment anomalies from previously-undertaken sampling bracket the western and southwestern margins of the intrusion complex. Analysis for gold in these samples was never requested. In addition, several academic studies of the intrusion from the 1970's thorough 1990's note the presence of elevated values of rare earth elements.

Alvito Property
The Alvito application covers 988 square kilometers of prospectable land straddling the northeastern margin of the Pyrite Belt, adjacent to the Marateca license, and the Ossa Morena zone of southern Portugal. There has been some scattered exploration in the lands covered by the application, but the Company expects to undertake the initial systematic grassroots program in the region for possible porphyry copper and gold mineralization. The application area also covers extensions of several target areas from the Company's Marateca license, lying immediately to the west of Alvito.

Arga Property
The Arga application, covering 28.4 square kilometers, is located in northwestern Portugal, adjacent to the south of the Company's Covas tungsten property. The Arga area has seen previous mapping and sampling, but no drilling. The property covers gold-silver-arsenic-bearing quartz vein swarms spatially related to a granitic intrusion

complex. The regional structure that controls location of the Covas tungsten deposit also localizes the Arga vein systems.

The Company will commence regional-style first pass reconnaissance exploration once the licenses have been delivered to the Company. There are already known areas of interest on all three potential properties, and the Company will also concentrate in these places, during the initial work. The goal of the exploration programs on these licenses will be to upgrade the projects to an interest level where they can be considered for single-target or strategic joint ventures with larger companies.

The Company continues to actively pursue other possibilities around the country.

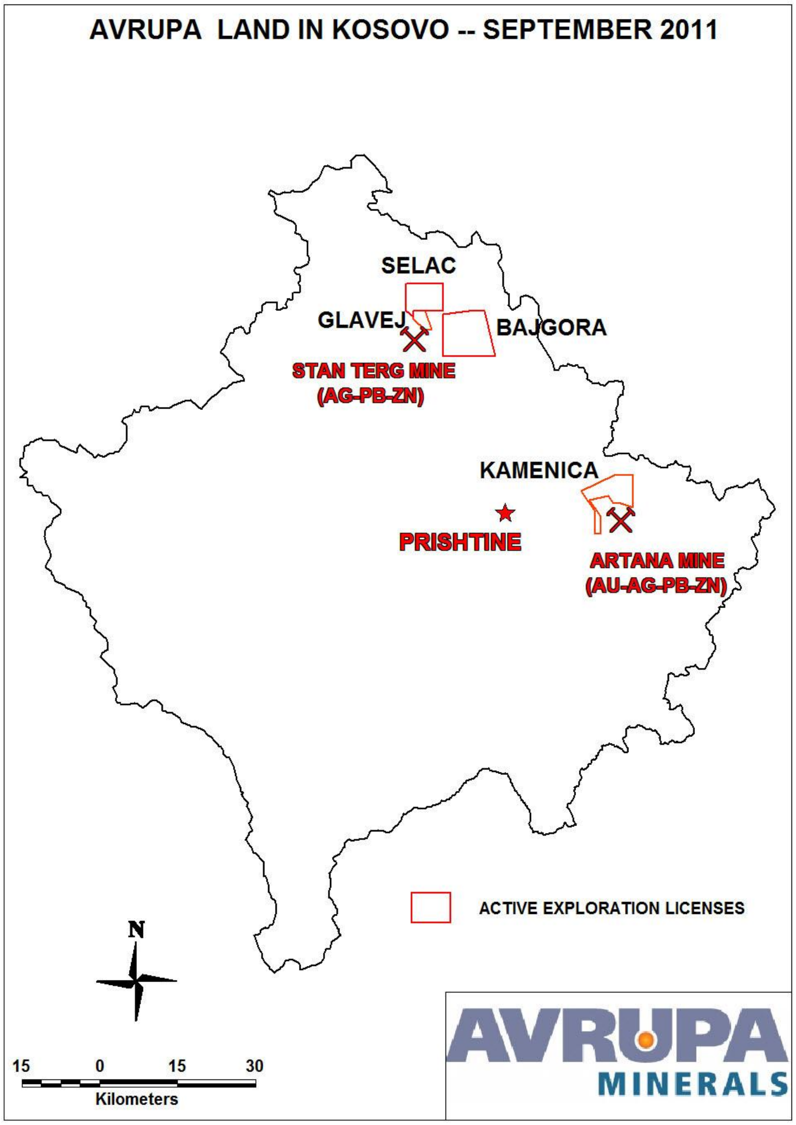
Kosovo

Since the acquisition of Innomatik, the Company has been advancing its prospects in Kosovo towards JV-ready status. The Company is actively searching in Europe and North America for suitable strategic partners to advance the Kosovo program.

The Company's Kosovo exploration team 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 continues to upgrade its two projects at **Glavej** and **Kamenica**, and has identified two prospective areas at **Bajgora** and **Selac**. These four exploration licenses total to 166.4 square kilometers.

All of 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.

The Company commenced drilling the first round of targets in the Glavej and Kamenica licenses during Q3 of 2011. The immediate goal of the scout drilling program is to test for shallow, but blind silver/lead/zinc/gold mineralization in fault-related, carbonated-hosted, massive sulfide deposits on the Kamenica license. On the Glavej license, the Company is targeting multiple cross-cutting breccia pipes in a minimum 150 meter by 300 meter area of alteration, gossans, and cross-cutting breccias hosted in volcanic rocks near the margins of an Oligocene volcanic center. The drilling program is planned for approximately 900 meters in 4 holes at the three separate targets. As the Company progresses in its work in Kosovo, the ultimate goal is to delineate Stan Terg or Artana-size massive sulfide deposits.



a) Glavej

The Glavej license was renewed for two years under the new 2010 Kosovo Mining Law. The size of the license was reduced by 50%, according to the law, to 8.1 km^2. The license lies close to the historic, and presently producing, Stan Terg base metal mine, which has operated intermittently for more than 1,000 years, and has reportedly produced more than 35 million metric tonnes of +10% Pb and Zn, and 80 g/t Ag. 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 Stan Terg Mine is non - NI 43-101 – compliant, though Avrupa Minerals is of the opinion that the information is accurate with respect to available production records.

The Company's team in Kosovo has generated two anomalous silver/lead/zinc targets on the license, Pogledalo and Spate. At Pogledalo, anomalous lead and zinc in soil geochemistry extends for over 800 meters of strike length and is partially coincident with ground geophysical anomalies and an outcropping gossan zone. The geochemical target area appears to be open along strike in both directions. At Spate, there is evidence of an old exploration tunnel, and locals report that massive sulfide mineralization is present in the old workings. This past fall, the Company's geologists completed geological mapping and grid soil sampling at the Hazelnut Hill-Pogledalo target zone. The main target at Hazelnut Hill is base and precious metal-bearing massive sulfide mineralization related to and located in a minimum 150 meters by 300 meters zone of alteration, gossans, and cross-cutting breccia pipes. The Pogledalo-Hazelnut Hill target area lies adjacent on the south side to a 4-6 square kilometer area of altered volcanic rocks, jasperoids, and gossans, located on the new Selac license, which have not yet been mapped or systematically sampled. During Q4, Avrupa plans to drill two scout holes of approximately 500 meters at the Hazelnut Hill target. The goal of the scout drilling program is to upgrade the project to JV-ready status.

b) Kamenica

The Kamenica license was also 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 12^{th} to 14^{th} 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 Minerals is of the opinion that the information is accurate with respect to available production records.

Recent work at three Kamenica target areas, Grbes, Metovic, and Adjarovic, consisted of detailed geological mapping and upgrade of drill targets. All three targets consist of structurally controlled, carbonate replacement silver/lead/zinc+/-gold deposits similar to the Artana deposit. These targets are located along the same NNW-trending structural feature that controls the location of the Artana mineralization. The Metovic and Grbes targets consist of coincident geophysical and geochemical anomalies with a permissive geological host of massive, silty carbonate units cut by NW-trending Vardar Zone structures at the intersection of a NE-trending migrating caldera feature. Both target areas contain old workings and prospects. There is a large slag heap (+10,000 metric tonnes) located in the valley directly below the Grbes target area. The Adjarovic target is buried, based on strong geophysical anomalies, and is also located along the Artana structure.

At the end of Q3, the Company was in the process of drilling at Grbes and Metovic, with plans for approximately 400 meters of drilling between the two targets. The goal of this drilling program, as at Pogledalo, is to upgrade the target areas to joint venture-ready stage.

c) Bajgora

The new Bajgora property, 76.5 km^2 in size, is also located near the Stan Terg Mine in northern Kosovo. The prospect area was originally located by identifying obvious NW-trending Vardar structures intersecting with NE-trending ring shaped volcanic centers and associated caldera migration features. From the metallogenic map of Kosovo, the Company's geologists recognized the presence of several reported mercury prospects, and then field-checked a lone gold anomaly generated from a regional stream sediment sampling program produced by the Kosovo government. The Company's own property-wide stream sediment sampling, reconnaissance-style geological mapping, and general prospecting work delineated an 18 km^2 area for further interest and follow-up work. During Q4, Avrupa will apply to the Mining Bureau of Kosovo to reduce the size of the license, in order to better concentrate on the favorable area.

d) Rezhanc

Property-wide reconnaissance work at the Rezhanc prospect indicated a low chance of significant copper mineralization, and therefore little opportunity for joint venture. The license was dropped.

e) Selac

The Selac Ag-Pb-Zn property is located 45-50 kilometers NNW of the capital Prishtine. The three-year license lies 5-10 kilometers north of the historic, and presently producing, Stan Terg base metal mine. The property covers an area with high potential for identification of new base and precious metal targets. Of immediate interest on the

Selac license is the northerly extension of the Pogledalo geological-geochemical-geophysical anomaly, first observed on the Glavej license. Detailed geological mapping and sampling of a 4-6 km^2 area of alteration and silicification is planned for Q4

With four licenses in hand, and all containing surface base metal mineralization, the Company is poised to attract JV partners in a regional-style exploration program, anchored by advanced greenfields exploration projects at Glavej and Kamenica, and by attractive exploration prospects at Bajgora and Selac. The Company is continuing to explore for additional attractive prospects in Kosovo, concentrating on potential copper and gold possibilities. The Company is actively searching for suitable partners in both North America and Europe.

Qualified Person

Mr. Paul W. Kuhn, M.Sc., a Licensed Professional Geologist in the State of Washington, USA, 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.

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.

Selected Financial Information

	Eight Months Ended December 31, 2010	**Year Ended April 30, 2010**	**Year Ended April 30, 2009**
Total revenues	$ -	$ -	$ -
General and administrative expenses	701,886	29,564	82,744
Loss for the period	(1,043,097)	(27,526)	(73,815)
Loss per share	(0.08)	(0.01)	(0.03)
Total assets	4,098,353	454,105	387,929
Total long-term financial liabilities	-	-	-
Cash dividends declared – per share	N/A	N/A	N/A

Summary of Quarterly Results

The following table sets forth selected unaudited financial information prepared by management of the Company.

	Three months ended	Three months ended	Three months ended	Two months ended
	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010
Total Revenues	$ -	$ -	$ -	$ -
Loss before Other Items	$ 867,353	$ 467,027	$ 589,186	$ 403,738
Net Loss and Comprehensive Loss	$ 753,078	$ 433,330	$ 560,010	$ 330,772
Loss per share	$ 0.05	$ 0.03	$ 0.03	$ 0.02

	Three months ended			
	October 31, 2010	July 31, 2010	April 30, 2010	January 31, 2010
Total Revenues	$ -	$ -	$ -	$ -
Loss before Other Items	$ 388,525	$ 399,009	$ 14,930	$ 3,173
Net Loss and Comprehensive Loss	$ 325,567	$ 386,758	$ 14,317	$ 2,707
Loss per share	$ 0.02	$ 0.05	$ 0.00	$ 0.00

Results of Operations

Three months ended September 30, 2011 and October 31, 2010

During the three months ended September 30, 2011, the Company reported a loss of $753,078 ($0.05 loss per share) (three months ended October 31, 2010 - $325,567 ($0.02 loss per share)).

Excluding the non-cash depreciation of $1,933 (three months ended October 31, 2010 - $2,346), the Company's general and administrative expenses amounted to $131,697 during the three months ended September 30, 2011 (three months ended October 31, 2010 - $253,836). The significant decrease in the general and administrative expenses was a result of the Company reclassified part of its salaries to mineral exploration expenses.

During the three months ended September 30, 2011, the Company expensed exploration costs of $2,929 on Covas, $194,951 on Marateca, $160,993 on Alvalade and $39,227 on other projects in Portugal (three months ended October 31, 2010 - $35,837 on Covas, $15,975 on Marateca, $6,635 on Alvalade and $1,235 on other projects). The Company expensed exploration costs of $12,381 on Glavej, $97,547 on Kamenica, $112,156 on Bajgora, $55,324 on Selac and $25,565 on other projects in Kosovo (three months ended October 31, 2010 - $25,543 on Glavej, $25,048 on Kamenica, and $22,070 on other projects). The Company also expensed exploration costs of $32,650 on Oelsnitz in Germany (three months ended October 31, 2010 - $nil)

Nine months ended September 30, 2011 and October 31, 2010

During the nine months ended September 30, 2011, the Company reported a loss of $1,746,418 ($0.11 loss per share) (nine months ended October 31, 2010 - $726,642 ($0.08 loss per share)).

Excluding the non-cash share-based payment of $nil (nine months ended October 31, 2010 - $212,410) and depreciation of $7,162 (nine months ended October 31, 2010 - $3,107), the Company's general and administrative expenses amounted to $572,459 during the nine months ended September 30, 2011 (nine months ended October 31, 2010 - $392,909). The significant increase in the general and administrative expenses was a result of: a) the Company completed its QT and thus, became an operating company with its own employees and consultants; and b) the Company incorporated its majority-owned subsidiaries' (MAEPA and Innomatik) operations from the date of

acquisition on July 9, 2010. As a result, all costs increased compared to the nine-month period ended October 31, 2010 when it just identified the QT in July 2010.
During the nine months ended September 30, 2011, the Company expensed exploration costs of $119,263 on Covas, $636,145 on Marateca, $323,429 on Alvalade and $65,595 on other projects in Portugal (nine months ended October 31, 2010 - $78,825 on Covas, $18,776 on Marateca, $11,854 on Alvalade and $4,569 on other projects) and received cash advance and reimbursement of $178,271 from optionee on Covas. The Company expensed exploration costs of $19,501 on Glavej, $104,262 on Kamenica, $124,183 on Bajgora, $62,962 on Selac, and $34,226 on other projects in Kosovo (nine months ended October 31, 2010 - $25,543 on Glavej, $25,048 on Kamenica, and $29,423 on other projects in Kosovo). The Company also expensed exploration costs of $32,650 on Oelsnitz in Germany (nine months ended October 31, 2010 - $nil)

The Company completed an impairment analysis as at September 30, 2011 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 intends to continue its exploration and development plans on its properties.

Cash Flows, Liquidity and Capital Resources

As at September 30, 2011, the Company's working capital was $1,124,898 (December 31, 2010 - $3,019,837). With respect to working capital, $1,369,983 was held in cash and cash equivalents (December 31, 2010 - $2,674,521). The decrease in cash and cash equivalents of $1,304,538 was mainly due to its operating activities of $1,308,581, including the $1,522,216 mineral exploration expenses, offset by the $178,271 recovery from Blackheath for reimbursement of exploration costs in Covas and as advancement for future exploration work.

On March 30, 2011, the Company received $320,000 from Metallica in relation to the sale of the Repparfjord copper property in Norway.

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 €120,638 ($160,605) cash pledge for its exploration licenses in Portugal, or otherwise and is not subject to any debt covenants. The Company is looking for future financing in order to continue its planned exploration programs in Portugal, Kosovo and Germany.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury as well as the recent strategic developments with the Company and the expectation to raise additional funds in 2011 will allow its effort continue throughout 2011. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at September 30, 2011, the Company's share capital was $3,976,261 (December 31, 2010 - $3,976,261) representing 16,103,571 common shares.

1,300,000 seed shares were placed in escrow in accordance with the escrow agreement dated July 28, 2008. 10% of the escrowed common shares were released on July 13, 2010, upon the completion of the QT. As at September 30, 2011, there were 780,000 common shares of the Company held in escrow. 195,000 escrow shares will be released on January 13, 2011.

The Company has established a stock option plan for its directors, officers, and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

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

Expiry date	Exercise price	December 31, 2010	Granted	Exercised	Expired/ cancelled	September 30, 2011
August 28, 2013	$ 0.20	220,000	-	-	-	220,000
July 8, 2015	$ 0.35	880,000	-	-	-	880,000
July 15, 2015	$ 0.35	10,000	-	-	-	10,000
Options outstanding		1,110,000	-	-	-	1,110,000
Option exercisable		1,110,000	-	-	-	1,110,000
Weighted average exercise price		$0.32	$Nil	$Nil	$Nil	$0.32

The continuity of warrants for the nine months ended September 30, 2011 is as follows:

Expiry date	Exercise price	December 31, 2010	Issued	Exercised	Expired	September 30, 2011
January 8, 2012	$ 0.50	5,714,284	-	-	-	5,714,284
April 27, 2012	$0.55	625,000	-	-	-	625,000
Outstanding		6,339,284	-	-	-	6,339,284
Weighted average exercise price		$0.50	$Nil	$Nil	$Nil	$0.50

The continuity of finder's options for the nine months ended September 30, 2011 is as follows:

Expiry date	Exercise price	December 31, 2010	Issued	Exercised	Expired	September 30, 2011
January 8, 2012	$0.35	525,310	-	-	-	525,310
April 27, 2012	$0.40	78,750	-	-	-	78,750
Outstanding		604,060	-	-	-	604,060
Weighted average exercise price		$0.36	$Nil	$Nil	$Nil	$0.36

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 $3,924,734.

As of the date of this MD&A, there were 16,103,571 common shares issued and outstanding and 24,458,945 common shares outstanding on a diluted basis.

Related Party Transactions

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 nine months ended September 30, 2011

	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	$160,636	$Nil	$Nil	$Nil	$50,034	$Nil	$210,670
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

For the nine months ended October 31, 2010

	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	$72,036	$Nil	$Nil	$Nil	$Nil	$83,532	$155,568
Mark T. Brown, Former Chief Executive Officer, Director	$Nil	$Nil	$Nil	$Nil	$Nil	$11,933	$11,933
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$11,933	$11,933
Gregory E. McKelvey, Director	$Nil	$Nil	$Nil	$Nil	$Nil	$11,933	$11,933
Donald E. Ranta, Director	$Nil	$Nil	$Nil	$Nil	$Nil	$11,933	$11,933

Related party assets / liabilities

		Nine Months Ended			
	Services	September 30, 2011	October 31, 2010	As at September 30, 2011	As at December 31, 2010
Amounts due to:					
Pacific Opportunity Capital Ltd. [a]	Rent, management and accounting services	$73,885	$111,844	$7,560	$11,531
Paul W. Kuhn	Consulting, housing allowance and school payment	$210,670	$72,036	$8,388	$12,142
Paul L. Nelles [b]	Salaries	$68,455	$54,204	$Nil	$Nil
Michael Diehl [b]	Salaries	$101,882	$35,398	$Nil	$Nil
Mineralia [c]	Consulting	$133,503	$Nil	$Nil	$17,419
TOTAL:				$15,948	$41,092
Amounts due from:					
Adriano Barros	Retaining 10% interest in MAEPA	$Nil	$Nil	$6,287	$Nil

(a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.
(b) Paul L. Nelles and Michael Diehl are non-controlling shareholders of Innomatik.
(c) Mineralia, a private company partially owned by a non-controlling shareholder and general manager of MAEPA.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

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 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.

Significant accounting judgments and estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and 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 condensed consolidated interim 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:

<u>Critical judgments</u>

- 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 majority-owned subsidiaries is the Euros and that the functional currency of its wholly-owned subsidiaries 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.

<u>Estimates</u>

- the recoverability of amounts receivable and prepayments which are included in the condensed consolidated interim statements of financial position;
- the useful lives of depreciable assets at each reporting date;
- the carrying amount of an asset or cash-generating unit comparing with the recoverable amount to assess the impairment loss, if any; and
- the inputs used in accounting for share purchase option expense in the condensed consolidated interim statements of comprehensive loss.

Financial Instruments and Other Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payables 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 and commodity price risk.

a) Credit risk

The Company's cash and cash equivalents are held in Canadian financial institutions. The Company does not have any asset-backed commercial paper in its cash and cash equivalents. The Company's receivables consist of goods and services tax due from the federal government of Canada.

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 September 30, 2011, the Company had a cash and cash equivalent balance of $1,369,983 (December 31, 2010 - $2,674,521) to settle down current liabilities of $552,774 (December 31, 2010 - $185,830).

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. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash and cash equivalents is limited because they are generally held to maturity. A 1% change in the interest rate, with other variables unchanged, would affect the Company by an annualized amount of interest equal to approximately $9,100 based on the deposits as of September 30, 2011.

d) Commodity price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings 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. A one cent change of the Canadian dollar would affect the Company's estimated one-year exploration expenditures by $10,000 based on a $1 million program.

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 and cash equivalents	$	1,369,983	$	-	$	-	$	1,369,983
	$	1,369,983	$	-	$	-	$	1,369,983

Future accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

- IAS 24, Related Party Disclosure: effective for accounting periods commencing on or after January 1, 2011;
- IFRS 9, Financial Instruments: effective for accounting periods commencing on or after January 1, 2013; and
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments: effective for accounting periods commencing on or after July 1, 2010.

Internal Controls Over Financial Reporting

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

No changes occurred in the current period of the Company's ICFR that have materially affected, or are reasonable likely to materially affect, the Company's ICFR.

Forward Looking Statements

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward looking statements are usually identified by the use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts, and include but are not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the markets for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

Forward-looking statements used in this discussion are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Forward looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Forward-looking statements included or incorporated by reference in this document include statements with respect to:

- 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 and Kosovo; and
- Expectations regarding the ability to raise capital and to continue its exploration and development plans on its properties.