



**AVRUPA MINERALS LTD.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2014 AND 2013**

# **AVRUPA MINERALS LTD.**

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## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Avrupa Minerals Ltd.,

We have audited the accompanying consolidated financial statements of Avrupa Minerals Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2014 and December 31, 2013, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Avrupa Minerals Ltd. and its subsidiaries as at December 31, 2014 and December 31, 2013 and their financial performance and their cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has no current source of revenue, has incurred losses from inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



**CHARTERED ACCOUNTANTS**

Vancouver, Canada  
April 28, 2015

AVRUPA MINERALS LTD.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31  
(Presented in Canadian Dollars)

	Note	2014	2013
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 761,932	\$ 439,154
Restricted cash	5	299,305	640,504
Prepaid expenses and advances		240,602	184,573
Due from optionees	5	195,855	-
Receivables		44,451	103,053
Bank guarantees	14	139,678	219,092
		<u>1,681,823</u>	<u>1,586,376</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	5	1,479,204	1,479,204
Property, plant and equipment	4	74,658	26,741
		<u>1,553,862</u>	<u>1,505,945</u>
<b>Total assets</b>		<b>\$ 3,235,685</b>	<b>\$ 3,092,321</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Funds held for optionees	5	299,305	640,504
Accounts payable and accrued liabilities		756,930	391,200
Due to related parties	7	53,301	16,467
		<u>1,109,536</u>	<u>1,048,171</u>
<b>Equity</b>			
Share capital	6	\$ 5,633,560	\$ 4,647,712
Reserves	6	4,427,290	4,080,183
Deficit		(7,934,701)	(6,683,745)
		<u>2,126,149</u>	<u>2,044,150</u>
<b>Total equity and liabilities</b>		<b>\$ 3,235,685</b>	<b>\$ 3,092,321</b>

Event after the reporting period (Note 15)

These consolidated financial statements are authorized for issue by the Board of Directors on April 28, 2015. They are signed on the Company's behalf by:

/s/Paul W. Kuhn  
Director

/s/Mark T. Brown  
Director

AVRUPA MINERALS LTD.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
FOR THE YEARS ENDED DECEMBER 31  
(Presented in Canadian Dollars)

	Note	2014	2013
<b>Mineral exploration expenses</b>			
Mineral exploration expenses	5	\$ 4,754,648	\$ 3,565,119
Advances from optionees	5	(4,266,870)	(2,397,497)
		<u>(487,778)</u>	<u>(1,167,622)</u>
<b>General administrative expenses</b>			
Bank charges		11,553	5,750
Consulting		107,675	98,080
Depreciation		5,901	4,808
Insurance		18,577	9,614
Investor relations		175,574	168,775
Listing and filing fees		10,197	9,771
Office and administrative fees		41,990	23,768
Professional fees		258,688	220,640
Rent		17,441	13,523
Salaries		30,543	122
Share-based payment		29,141	134,642
Telephone		1,208	2,396
Transfer agent fees		7,138	7,644
Travel		57,618	29,228
		<u>(773,244)</u>	<u>(728,761)</u>
<b>Other items</b>			
Foreign exchange gain/(loss)		7,181	(1,188)
Interest income		8,956	3,141
Other income		222	-
Property investigation cost		(6,293)	(168)
		<u>10,066</u>	<u>1,785</u>
<b>Loss before non-controlling interest for the year</b>		(1,250,956)	(1,894,598)
<b>Non-controlling interest for the year</b>		-	12,000
<b>Net loss for the year</b>		(1,250,956)	(1,882,598)
<b>Exchange difference arising on the translation of foreign subsidiaries</b>		(14,805)	40,883
<b>Comprehensive loss for the year</b>		\$ (1,265,761)	\$ (1,841,715)
<b>Basic and diluted loss per share</b>	8	\$ (0.03)	\$ (0.06)

AVRUPA MINERALS LTD.  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(Presented in Canadian Dollars)

	Share capital		Reserves					Non-controlling interest	Total equity
	Number of shares	Amount	Warrants	Finder's options	Equity-settled employee benefits	Exchange	Deficit		
<b>Balance as at December 31, 2012</b>	<b>28,593,571</b>	<b>\$ 4,512,522</b>	<b>\$ 2,471,342</b>	<b>\$ 181,911</b>	<b>\$ 441,294</b>	<b>\$ (10,361)</b>	<b>\$ (4,801,147)</b>	<b>\$ (84,427)</b>	<b>\$ 2,711,134</b>
Share issues:									
Shares issued for private placements	9,500,000	142,847	807,153	-	-	-	-	-	950,000
Share issue costs	-	(54,907)	-	13,319	-	-	-	-	(41,588)
Share-based payment	-	-	-	-	134,642	-	-	-	134,642
Acquisition of non-controlling interest	450,000	47,250	-	-	-	-	-	96,427	143,677
Non-controlling interest for the year	-	-	-	-	-	-	-	(12,000)	(12,000)
Comprehensive loss	-	-	-	-	-	40,883	(1,882,598)	-	(1,841,715)
<b>Balance as at December 31, 2013</b>	<b>38,543,571</b>	<b>4,647,712</b>	<b>3,278,495</b>	<b>195,230</b>	<b>575,936</b>	<b>30,522</b>	<b>(6,683,745)</b>	<b>-</b>	<b>2,044,150</b>
Share issues:									
Shares issued for private placement	4,400,000	612,371	487,629	-	-	-	-	-	1,100,000
Share issue costs	-	(101,805)	-	34,534	-	-	-	-	(67,271)
Shares issued for property license fees	515,560	128,890	-	-	-	-	-	-	128,890
Shares issued for warrants exercised	946,666	222,431	(80,431)	-	-	-	-	-	142,000
Shares issued for options exercised	150,000	28,030	-	-	(13,030)	-	-	-	15,000
Revaluation of extended warrants	-	95,931	(95,931)	-	-	-	-	-	-
Share-based payment	-	-	-	-	29,141	-	-	-	29,141
Comprehensive loss	-	-	-	-	-	(14,805)	(1,250,956)	-	(1,265,761)
<b>Balance as at December 31, 2014</b>	<b>44,555,797</b>	<b>\$ 5,633,560</b>	<b>\$ 3,589,762</b>	<b>\$ 229,764</b>	<b>\$ 592,047</b>	<b>\$ 15,717</b>	<b>\$ (7,934,701)</b>	<b>\$ -</b>	<b>\$ 2,126,149</b>

AVRUPA MINERALS LTD.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31  
(Presented in Canadian Dollars)

	Note	2014	2013
<b>Cash flows from operating activities</b>			
Loss before non-controlling interest for the year	\$	(1,250,956)	\$ (1,894,598)
Items not involving cash:			
Depreciation		5,901	4,808
Mineral exploration expenses		143,348	15,221
Share-based payment		29,141	134,642
Changes in non-cash working capital items:			
Receivables		58,602	116,740
Due from optionees		(195,855)	-
Bank guarantees		79,414	223,662
Prepaid expenses and advances		(56,029)	(45,994)
Other assets		-	1,884
Accounts payable and accrued liabilities		365,730	141,757
Due to related parties		36,834	(227,802)
Funds held for optionees		(341,199)	640,504
Exchange difference arising on the translation of foreign subsidiaries		(14,558)	39,953
Net cash (used in) operating activities		(1,139,627)	(849,223)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(68,523)	(20,746)
Net cash (used in) investing activities		(68,523)	(20,746)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of common shares		1,257,000	950,000
Share issue costs		(67,271)	(41,588)
Net cash provided by financing activities		1,189,729	908,412
<b>Change in cash for the year</b>		(18,421)	38,443
<b>Cash, beginning of the year</b>		1,079,658	1,041,215
<b>Cash, end of the year</b>	\$	1,061,237	\$ 1,079,658
<b>Cash comprised of:</b>			
Cash	\$	761,932	\$ 439,154
Restricted Cash		299,305	640,504
	\$	1,061,237	\$ 1,079,658
<b>Supplementary information:</b>			
Interest received	\$	8,956	\$ 3,141
Shares issued for acquisition of non-controlling interest	\$	-	\$ 47,250
Shares issued for property license fees	\$	128,890	\$ -

Supplemental disclosure with respect to cash flows (Note 10)

## 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Avrupa Minerals Ltd. (the “Company”) was incorporated on January 23, 2008 under the Business Corporations Act of British Columbia and its registered office is Suite 2610 – 1066 West Hastings Street, Vancouver, BC, Canada, V6E 3X1. The Company changed its name on July 7, 2010 and began trading under the symbol “AVU” on the TSX Venture Exchange (the “Exchange”) on July 14, 2010. On September 20, 2012, the Company listed in Europe on the Frankfurt Stock Exchange under the trading symbol “8AM”. The Company is primarily engaged in the acquisition and exploration of mineral properties in Europe.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. There are material uncertainties that cast significant doubt about the appropriateness of the going concern assumption.

If the Company is to advance or develop its mineral properties further, it will be necessary to obtain additional financing and while it has been successful in the past, there can be no assurance that it will be able to do so in the future. Failure to raise sufficient funds would result in the Company’s inability to make future required property payments, which would result in the loss of those property options.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement on financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

These consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### b) Basis of preparation

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

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are effective as at December 31, 2014.



### 3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

	% of ownership	Jurisdiction	Nature of operations
MAEPA Empreendimentos Mineiros e Participacoes Lda	100%	Portugal	Exploration
Innomatik Exploration Kosovo LLC	100%	Kosovo	Exploration
Avrupa Holdings Inc.	100%	Barbados	Holding
Avrupa Portugal Holdings Inc.	100%	Barbados	Holding
Avrupa Kosovo Holdings Inc.	100%	Barbados	Holding

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

b) Asset acquisitions

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### c) Foreign currencies

The Company assesses functional currency on an entity by entity basis based on the related fact pattern; however, the presentation currency used in these consolidated financial statements is determined at management's discretion.

The currency of the parent company, and the presentation currency applicable to these consolidated financial statements, is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of the exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Company has determined that the functional currency of its wholly-owned subsidiaries in Europe is the Euro and that the functional currency of its wholly-owned subsidiaries in Barbados is the US dollar. Exchange differences arising from the translation of the subsidiaries' functional currencies into the Company's presentation currency are taken directly to the exchange reserve.

#### d) Cash and cash equivalents

Cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

#### e) Exploration and evaluation assets and expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or asset acquisition which are recognized as assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the consolidated statement of comprehensive loss.

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where they are considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

e) Exploration and evaluation assets and expenditures *(Continued)*

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

f) Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the consolidated statement of comprehensive loss.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

g) Share-based payment transactions

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### h) Loss per share

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

#### i) Significant accounting judgments 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. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these 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 Euro 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;
- 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### j) Provisions

Provisions are recognized in the consolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### k) Financial instruments

##### Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the consolidated statements of comprehensive loss.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables, excluding commodity taxes receivable, are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statements of comprehensive loss.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statements of comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### k) Financial instruments (Continued)

##### Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of comprehensive loss.

*Other financial liabilities* - This category includes due to related parties, accounts payable and accrued liabilities and funds held for optionees, all of which are recognized at amortized cost.

At December 31, 2014 and 2013, the Company did not have any derivative financial assets or liabilities.

#### l) Impairment of equipment and intangible assets (excluding goodwill)

Equipment and finite life intangible assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

#### m) Asset retirement obligation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profit or loss as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

#### n) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted that are expected to apply when temporary differences are expected to settle.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**3. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

- o) Application of new and revised accounting standards effective January 1, 2014

The Company has evaluated the following new and revised IFRS standard and has determined there to be no material impact on the consolidated financial statements upon adoption:

- IAS 32 (Amended 2011) Financial Instruments: Presentation

- p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2014 reporting period. The Company has not early adopted the following new and revised standard, amendment and interpretation that has been issued but is not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (mandatory adoption date has not yet been finalized)

The Company anticipates that the application of the above new and revised standard, amendment and interpretation will have no material impact on its results and financial position.



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**4. PROPERTY, PLANT AND EQUIPMENT**

	Furniture and other equipment			Vehicles	Other assets	Total		
<b>Cost</b>								
As at January 1, 2013	\$	46,361	\$	137,386	\$	15,830	\$	199,577
Additions during the year		18,183		-		2,563		20,746
Exchange adjustment		5,431		16,096		1,856		23,383
As at December 31, 2013		69,975		153,482		20,249		243,706
Additions during the year		45,964		21,899		660		68,523
Disposals during the year		(3,744)		-		-		(3,744)
Exchange adjustment		(2,946)		(6,462)		(853)		(10,261)
As at December 31, 2014	\$	109,249	\$	168,919	\$	20,056	\$	298,224
<b>Accumulated depreciation</b>								
As at January 1, 2013	\$	31,853	\$	134,522	\$	8,630	\$	175,005
Depreciation for the year		13,577		2,986		3,466		20,029
Exchange adjustment		4,699		15,974		1,258		21,931
As at December 31, 2013		50,129		153,482		13,354		216,965
Depreciation for the year		18,026		763		1,570		20,359
Depreciation for the year related to disposals		(3,744)		-		-		(3,744)
Exchange adjustment		(2,888)		(6,495)		(631)		(10,014)
As at December 31, 2014	\$	61,523	\$	147,750	\$	14,293	\$	223,566
<b>Net book value</b>								
As at January 1, 2013	\$	14,508	\$	2,864	\$	7,200	\$	24,572
As at December 31, 2013	\$	19,846	\$	-	\$	6,895	\$	26,741
As at December 31, 2014	\$	47,726	\$	21,169	\$	5,763	\$	74,658

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**5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES**

	Portugal						Kosovo					Germany	Total	
	Marateca	Alvalade	Covas	Arga	Alvito	Callinan Generative	Others	Glavej	Kamenica	Selac	Slivovo	Others		
<b>Exploration and evaluation assets</b>														
<b>Acquisition costs</b>														
As of January 1, 2014	\$ 1,096,840	\$ 167,920	\$ 71,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,155	\$ -	\$ -	\$ 1,479,204
Additions during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As of December 31, 2014</b>	<b>\$ 1,096,840</b>	<b>\$ 167,920</b>	<b>\$ 71,289</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 143,155</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,479,204</b>
<b>Mineral exploration expenses for the year ended December 31, 2014</b>														
Assaying	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,252	\$ -	\$ 10,846	\$ 118,098
Concession fees and taxes	30,679	37,285	25,949	3,668	5,134	55	34,216	(1,906)	(1,906)	2,054	2,249	3,668	-	141,145
Depreciation	8,088	-	-	-	3,107	-	3,263	-	-	-	-	-	-	14,458
Drilling	-	-	-	-	-	-	-	-	-	-	279,925	-	-	279,925
Geological salaries and consulting	157,049	1,988,160	690,958	-	195,244	85,498	18,331	-	4,039	-	6,636	2,658	-	3,148,573
Geology work	-	-	-	-	-	31,401	-	-	-	-	382,799	4,039	-	418,239
Insurance	2,224	11,046	8,176	-	1,213	758	1,367	73	73	-	4,033	130	-	29,093
Legal and accounting	95	-	-	-	29	-	62	-	-	-	24,895	-	-	25,081
Office and administrative fees	18,025	64,982	4,172	261	8,511	4,600	12,061	-	40	-	13,016	2	-	125,670
Rent	37,167	99,886	11,267	-	19,142	3,187	20,661	-	-	-	11,878	-	-	203,188
Site costs	6,316	22,889	16,378	-	8,388	2,912	5,128	-	59	-	58,256	-	-	120,326
Travel	2,136	55,103	12,910	-	11,523	14,401	5,345	-	359	-	10,548	359	-	112,684
Trenching and road work	-	-	-	-	-	-	-	-	-	-	18,168	-	-	18,168
Advances from optionee	-	(2,279,351)	(769,369)	(299)	(183,292)	(114,904)	-	-	-	-	(919,655)	-	-	(4,266,870)
	\$ 261,779	\$ -	\$ 441	\$ 3,630	\$ 68,999	\$ 27,908	\$ 100,434	\$ (1,833)	\$ 2,664	\$ 2,054	\$ -	\$ 10,856	\$ 10,846	\$ 487,778
<b>Cumulative mineral exploration expenses since acquisition</b>														
Assaying	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,292	\$ 3,569	\$ -	\$ 107,252	\$ 1,255	\$ 10,846	\$ 126,214
Concession fees and taxes	98,347	132,197	155,087	26,531	35,421	55	87,119	76,597	79,309	10,044	6,755	25,420	4	732,886
Depreciation	10,152	-	-	1,041	5,135	-	13,351	-	-	-	-	-	-	29,679
Drilling	-	-	-	-	-	-	-	-	-	-	279,925	-	-	279,925
Geological salaries and consulting	967,059	5,560,593	1,825,931	112,677	317,559	91,032	515,255	65,963	161,565	75,875	36,175	205,976	7,064	9,942,724
Geology work	-	-	-	-	-	31,401	-	52,790	97,813	55,733	395,806	196,179	193,998	1,023,720
Insurance	3,034	16,841	10,457	408	2,008	758	5,323	1,908	4,383	1,986	5,191	6,306	-	58,603
Legal and accounting	110	296	-	-	29	-	134	-	-	-	24,895	-	-	25,464
Office and administrative fees	32,137	168,406	21,175	3,113	14,118	4,702	36,929	493	4,998	3,266	15,335	7,423	5,255	317,350
Rent	63,705	278,065	22,969	4,748	27,663	3,187	63,041	2,199	12,943	8,546	15,650	21,304	-	524,020
Site costs	30,361	95,357	55,679	1,817	12,662	3,054	20,159	27,206	123,867	10,154	94,880	28,748	-	503,944
Travel	33,973	205,896	52,972	5,126	20,345	14,469	23,250	-	2,841	2,413	10,739	4,003	-	376,027
Trenching and road work	-	-	-	-	-	-	-	-	-	-	18,168	-	-	18,168
Advances from optionee	-	(6,573,193)	(2,029,442)	(83,125)	(212,665)	(148,658)	-	-	-	-	(919,655)	-	-	(9,966,738)
	\$ 1,238,878	\$ (115,542)	\$ 114,828	\$ 72,336	\$ 222,275	\$ -	\$ 764,561	\$ 230,448	\$ 491,288	\$ 168,017	\$ 91,116	\$ 496,614	\$ 217,167	\$ 3,991,986

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5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES (Continued)

	Portugal						Kosovo					Germany	Total	
	Marateca	Alvalade	Covas	Arga	Alvito	Callinan Generative	Others	Glavej	Kamenica	Selac	Slivovo	Others		
<b>Exploration and evaluation assets</b>														
<b>Acquisition costs</b>														
As of January 1, 2013	\$ 1,096,840	\$ 167,920	\$ 71,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,155	\$ -	\$ -	\$ 1,336,049
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	143,155
<b>As of December 31, 2013</b>	<b>\$ 1,096,840</b>	<b>\$ 167,920</b>	<b>\$ 71,289</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 143,155</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,479,204</b>
<b>Mineral exploration expenses for the year ended December 31, 2013</b>														
Concession fees and taxes	\$ 14,831	\$ 38,929	\$ 10,330	\$ 12,992	\$ 18,007	\$ -	\$ 39,975	\$ 69,773	\$ 69,773	\$ -	\$ 164	\$ -	\$ -	\$ 274,774
Depreciation	2,064	-	-	1,041	2,028	-	10,088	-	-	-	-	-	-	15,221
Geological salaries and consulting	35,054	1,433,774	622,373	100,404	82,803	5,534	370,269	9,446	37,834	11,126	17,390	21,896	-	2,747,903
Geology work	-	-	-	-	-	-	-	811	811	541	2,705	40,655	(5,212)	40,311
Insurance	810	3,625	2,159	408	795	-	3,956	397	725	55	496	657	-	14,083
Legal and accounting	15	-	-	-	-	-	72	-	-	-	-	-	-	87
Office and administrative fees	4,242	43,207	9,420	2,314	4,684	102	22,824	-	283	-	82	141	-	87,299
Rent	19,281	98,256	8,182	4,748	8,521	-	42,380	752	4,528	752	1,879	5,660	-	194,939
Site costs	1,878	20,602	22,967	1,661	3,070	142	13,874	85	5,346	241	7,730	2,811	-	80,407
Travel	2,271	58,225	20,250	5,126	5,979	68	11,665	-	2,482	194	191	3,644	-	110,095
Advances from optionee	-	(1,540,768)	(710,776)	(82,826)	(29,373)	(33,754)	-	-	-	-	-	-	-	(2,397,497)
	<b>\$ 80,446</b>	<b>\$ 155,850</b>	<b>\$ (15,095)</b>	<b>\$ 45,868</b>	<b>\$ 96,514</b>	<b>\$ (27,908)</b>	<b>\$ 515,103</b>	<b>\$ 81,264</b>	<b>\$ 121,782</b>	<b>\$ 12,909</b>	<b>\$ 30,637</b>	<b>\$ 75,464</b>	<b>\$ (5,212)</b>	<b>\$ 1,167,622</b>
<b>Cumulative mineral exploration expenses since acquisition</b>														
Assaying	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,292	\$ 3,569	\$ -	\$ -	\$ 1,255	\$ -	\$ 8,116
Concession fees and taxes	67,668	94,912	129,138	22,863	30,287	-	52,903	78,503	81,215	7,990	4,506	21,752	4	591,741
Depreciation	2,064	-	-	1,041	2,028	-	10,088	-	-	-	-	-	-	15,221
Geological salaries and consulting	810,010	3,572,433	1,134,973	112,677	122,315	5,534	496,924	65,963	157,526	75,875	29,539	203,318	7,064	6,794,151
Geology work	-	-	-	-	-	-	-	52,790	97,813	55,733	13,007	192,140	193,998	605,481
Insurance	810	5,795	2,281	408	795	-	3,956	1,835	4,310	1,986	1,158	6,176	-	29,510
Legal and accounting	15	296	-	-	-	-	72	-	-	-	-	-	-	383
Office and administrative fees	14,112	103,424	17,003	2,852	5,607	102	24,868	493	4,958	3,266	2,319	7,421	5,255	191,680
Rent	26,538	178,179	11,702	4,748	8,521	-	42,380	2,199	12,943	8,546	3,772	21,304	-	320,832
Site costs	24,045	72,468	39,301	1,817	4,274	142	15,031	27,206	123,808	10,154	36,624	28,748	-	383,618
Travel	31,837	150,793	40,062	5,126	8,822	68	17,905	-	2,482	2,413	191	3,644	-	263,343
Advances from optionee	-	(4,293,842)	(1,260,073)	(82,826)	(29,373)	(33,754)	-	-	-	-	-	-	-	(5,699,868)
	<b>\$ 977,099</b>	<b>\$ (115,542)</b>	<b>\$ 114,387</b>	<b>\$ 68,706</b>	<b>\$ 153,276</b>	<b>\$ (27,908)</b>	<b>\$ 664,127</b>	<b>\$ 232,281</b>	<b>\$ 488,624</b>	<b>\$ 165,963</b>	<b>\$ 91,116</b>	<b>\$ 485,758</b>	<b>\$ 206,321</b>	<b>\$ 3,504,208</b>

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

(Continued)

### Portugal

The Company, through its 100% holding in MAEPA, holds seven exploration licenses in Portugal, spread from the north to the south in the country. The licenses have been issued to MAEPA by the government of Portugal, and are as follows:

- Alvalade
- Covas
- Alvito
- Marateca
- Sines
- Santa Margarida do Sado
- Mertola

Licenses have varying work commitments, as approved by the government of Portugal, and all licenses carry a 3% Net Smelter Return ("NSR"), payable to the government of Portugal.

### Alvalade:

On June 3, 2011, the Company signed a Memorandum of Understanding ("MOU") with Antofagasta Minerals S.A. ("Antofagasta") to undertake exploration on the Alvalade project. Antofagasta completed a US\$300,000 initial study of the project. Upon successful completion of the initial study, on December 22, 2011, the Company entered into the Alvalade Joint Venture agreement with Antofagasta whereby the Company granted to Antofagasta the option to acquire an undivided 51% interest in the project, which can be exercised by Antofagasta funding or incurring expenditures of an additional US\$4 million over three years (spent by February 2014). On February 25, 2014, the two parties signed an amended Joint Venture agreement. Subsequent to year end, on January 27, 2015, the two parties signed a second amended Joint Venture agreement, which allows for more interim funding by Antofagasta, an expanded time frame in which to get a feasibility study decision, and a means for the Company to be carried to production, if there is a production decision to be made for the project. The amended agreement carries the following terms (in summary):

- After due diligence, exploration funding of US\$300,000 (completed).
- Antofagasta must spend US\$4 million on exploration to earn-in to 51% of the joint venture ("JV") (Option 1 completed).
- To earn a further 9% of the JV (for an aggregate total of 60%), Antofagasta must fund US\$2 million in exploration by December 31, 2015, for a total of US\$6,300,000 (Option 2 completed).
- To earn a further 2.5% of the JV (for an aggregate total of 62.5%), Antofagasta must fund US\$1.75 million by December 31, 2015 (Option 3 Year 1).
- To earn a further 2.5% of the JV (for an aggregate total of 65%), Antofagasta must fund US\$1.75 million by December 31, 2016 (Option 3 Year 2).
- To earn a further 2.5% of the JV (for an aggregate total of 67.5%), Antofagasta must fund US\$1.75 million by December 31, 2017 (Option 4 Year 1).
- To earn a further 2.5% of the JV (for an aggregate total of 70%), Antofagasta must fund US\$1.75 million by December 31, 2018 (Option 4 Year 2).
- To earn a further 5% of the JV (for an aggregate total of 75%), Antofagasta must fund US\$25 million in exploration by December 31, 2022 with an option to partially earn in 1% for every US\$5 million spent (Option 5).

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

(Continued)

### Portugal (Continued)

#### Alvalade: (Continued)

- If Option 5 expenditures are not sufficient to fund a Feasibility Study, Antofagasta will fund 100% of additional exploration but will be reimbursed for the Company's proportionate share (being 25% of Work Programs and Budgets) following the commencement of commercial production (Feasibility Study Phase).
- To earn a further 5% of the JV (for an aggregate total of 80%), Antofagasta must have completed a Feasibility Study, funded 100% of all work programs during this phase and make a Development Decision within one year of the date of delivery of the Feasibility Study (Option 6).
- Antofagasta will carry the Company through to production, and the Company will repay Antofagasta from proceeds, dividends, and sales generated by the actual production from any mine within the project area.

As of December 31, 2014, Antofagasta had forwarded a total of \$6,527,251 (US\$6,306,676) for the Alvalade property, including the US\$300,000 for the initial study of the project. The Company spent an additional amount of \$45,942 (US\$39,995) in December 2014 which was subsequently reimbursed by Antofagasta. In addition, Antofagasta paid directly to its own consultants seconded to the project an amount of US\$109,700 which contributes further to Antofagasta's funding to the project.

#### Covas:

On May 18, 2011, the Company signed 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 (spent) in exploration on the project before March 20, 2013, of which €150,000 (spent) is a firm commitment and must be spent by March 20, 2012. Blackheath can then earn an additional 19% by spending an additional €700,000 (spent) by March 20, 2014

On May 7, 2014, the Company and Blackheath signed an amended Joint Venture agreement. The amended agreement carries the following terms (in summary):

- To earn 51% of the joint venture ("JV"), Blackheath must spend €300,000 on exploration by March 20, 2013 (completed).
- To earn a further 19% of the JV (for an aggregate total of 70%), Blackheath must fund €700,000 on exploration by March 20, 2014 (completed).
- To earn a further 5% of the JV (for an aggregate total of 75%), Blackheath must fund €320,000 on exploration by March 20, 2015 (completed).
- To earn a further 5% of the JV (for an aggregate total of 80%), Blackheath must fund €498,000 on exploration by March 20, 2016.
- To earn a further 5% of the JV (for an aggregate total of 85%), Blackheath must fund €833,000 on exploration by March 20, 2017.

As of December 31, 2014, Blackheath had forwarded a total \$1,919,234 (€1,405,512) for the Covas property. The Company spent an additional amount of \$110,208 (€78,484) in December 2014 which was subsequently reimbursed by Blackheath.

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

(Continued)

### Portugal (Continued)

#### Alvito:

On November 20, 2013, the Company received \$150,000 in funding from Callinan Royalties Corporation ("Callinan") to fund exploration at the Alvito license to better attract potential joint venture partners in exchange for a 1.5% NSR royalty. The project is designated as an "Alliance Property" under the Exploration Alliance Agreement between the Company and Callinan (see Callinan Generative below).

As of December 31, 2014, Callinan had forwarded a total \$150,000 (€103,609) for the Alvito property. Subsequently, Callinan terminated the Agreement and retains the 1.5% BSR royalty.

On October 22, 2014, the Company and an optionee signed an exclusivity agreement (the "Agreement") which calls for the optionee to fund various work programs during a two-stage review period. The optionee will fund for stage 1 work program of up to US\$61,500 with the Company providing a technical report by January 20, 2015. Within 30 days of receipt of the report, the optionee can proceed to commercial negotiations toward a potential transaction; or fund the stage 2 work program; or terminate the Agreement.

As of December 31, 2014, the optionee had forwarded a total \$23,656 (US\$20,973) for the Alvito property. The Company spent an additional amount of \$39,705 (US\$34,565) in December 2014 which was subsequently reimbursed by the optionee. The Company held \$696 (€495) on behalf of the optionee to be spent on the Alvito project, which is recorded as restricted cash. On February 5, 2015, the optionee terminated the Agreement.

#### Callinan Generative:

On October 3, 2013, the Company and Callinan signed a three-year Generative Exploration Alliance Agreement (the "Agreement") which calls for Callinan to fund \$150,000 of generative exploration in Portugal during the first year of the Agreement and, at Callinan's option, to fund up to \$100,000 in each of the two subsequent years. In return for such funding, the Company will grant Callinan the option to receive a 0.5% NSR royalty on any new projects acquired as a result of the generative exploration work, or, if Callinan funds an additional \$150,000 in further exploration on any of the new projects, an option to receive a 1.5% NSR royalty on such projects. If the Company determines that further value can be generated for the new project after spending the additional \$150,000, Callinan has the option to contribute subsequent funding with the Company on a joint 50/50 basis, with Callinan's NSR and interest in the new project unchanged.

Callinan also has the option to fund additional exploration on the Company's existing mineral properties, if proposed by the Company, and would earn a 1.5% NSR royalty in return for funding \$150,000 in exploration on those projects (the "Alliance Property").

As of December 31, 2014, Callinan had forwarded a total \$150,000 (€106,114) for the Callinan Generative exploration project. The Company held \$1,342 on behalf of Callinan Generative exploration project to be spent on the generative exploration project, which is recorded as restricted cash.

Subsequently, Callinan terminated the Agreement.

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

(Continued)

### Portugal (Continued)

#### Arga:

On May 10, 2013, the Company signed an agreement to option out the Arga Tungsten-Gold Project to Blackheath. Under the terms of the agreement, Blackheath had the option to earn a 51% interest in the project by spending €200,000 in exploration on the project before March 23, 2015, of which €60,000 (spent) was a firm commitment and must be spent by March 23, 2014. Blackheath could then earn an additional 19% by spending an additional €800,000 by March 23, 2017. Blackheath could 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 23, 2020.

On May 7, 2014, Blackheath terminated the agreement with the Company on the Arga property and the Company dropped the property.

### Kosovo

The Company, through its 100% holding in Innomatik, holds three exploration licenses in Kosovo:

- Slivovo
- Glavej (dropped subsequent to December 31, 2014)
- Kamenica (dropped subsequent to December 31, 2014)

The Glavej and Kamenica licenses were held under “Retention” status, which means no work commitment is necessary for the duration of 2014. The Slivovo license was issued during 2012. The license carries a work commitment, and there is a 5% NSR payable to the government of Kosovo attached to the Slivovo license.

In August 2013, the Company purchased the remaining 7.5% interest in Innomatik Exploration Kosovo LLC (“Innomatik”) and allocated \$143,155 to the Slivovo property. Refer to note 6 (b)(i).

#### Slivovo:

On April 10, 2014, the Company signed an earn-in and shareholders agreement (“Earn-In Agreement”) to option out the Slivovo property to Byrncut International Limited (“Byrncut”). Under the Earn-In Agreement, Byrncut 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, of which €360,000 is a firm commitment to be spent by October 10, 2014. Byrncut 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. Byrncut 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.

As of December 31, 2014, Byrncut had forwarded a total \$1,216,923 (€835,000) for the Slivovo property. The Company held \$297,267 on behalf of Byrncut to be spent on the Slivovo property, which is recorded as restricted cash.

**5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES**

*(Continued)*

**Germany**

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 on exploration to gain an 85% interest in the Oelsnitz Exploration License, which was issued to Beak on January 12, 2012. There is no royalty attached to the license. Once the Company has earned into the project, the two companies will form a joint venture to explore for gold on the property. As of December 31, 2014, the Company had spent \$217,167 (€169,015) on the Oelsnitz property. The Company has completed its 85% earn-in and is working with Beak to set up the joint-venture entity.



## 6. CAPITAL AND RESERVES

(a) Authorized:

At December 31, 2014, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

- i. On August 20, 2013, a total of 450,000 common shares of the Company at a fair value of \$47,250 were issued to the non-controlling interest owners ("NCI owners") for purchasing the remaining 7.5% interest in Innomatik in Kosovo. The purchase of the 7.5% interest in Innomatik results in the Company owning 100% of Innomatik. The net purchase price of \$143,155 was allocated to the Slivovo property in Innomatik (Note 5).
- ii. On September 24, 2013, the Company completed a non-brokered private placement issuing 6,000,000 units at a price of \$0.10 per unit for gross proceeds of \$600,000. Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.15 for a period of 36 months. The warrants were ascribed a value of \$509,793.

A total of \$14,880 cash finder's fee was paid and 148,800 finder's options were issued as part of the financing. In addition, another \$24,103 was included in share issue costs. Each finder's option can be converted into a unit with the same term as the financing at a price of \$0.10 for a period of 36 months. The finder's options were ascribed a value of \$13,319. Insiders participated in the offering for a total of 1,570,000 units.

- iii. On October 15, 2013, the Company closed a strategic financing with Callinan issuing 3,500,000 units at a price of \$0.10 per unit for gross proceeds of \$350,000. Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.15 for a period of 36 months. The warrants were ascribed a value of \$297,360.

A total of \$2,605 was paid as share issue costs.

- iv. During the year ended December 31, 2014, the Company issued common shares pursuant to the exercise of 150,000 stock options for cash proceeds of \$15,000 and the exercise of 946,666 warrants for cash proceeds of \$142,000.
- v. On August 22, 2014, the Company completed a non-brokered private placement issuing 4,400,000 units at a price of \$0.25 per unit for gross proceeds of \$1,100,000. Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.40 for a period of 36 months. The warrants were ascribed a value of \$487,629.

A total of \$27,250 cash finder's fee was paid and 152,600 finder's options were issued as part of the financing. In addition, another \$40,021 was included in share issue costs. Each finder's option can be converted into a unit with the same term as the financing at a price of \$0.25 for a period of 36 months. The finder's options were ascribed a value of \$34,534. Insiders participated in the offering for a total of 735,000 units.

- vi. On December 17, 2014, a total of 515,560 common shares of the Company at a fair value of \$128,890 were issued to make the payment of Glavej and Kamenica licenses. The agreed-upon payment equivalent to €50,000 in cash or shares per license.

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**6. CAPITAL AND RESERVES** (Continued)

(c) Escrow 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 Qualifying Transaction. As at December 31, 2014, there were no common shares of the Company held in escrow. The final 195,000 escrow shares were released on July 13, 2013.

(d) Share Purchase Option Compensation Plan:

The Company has established a stock option plan whereby the Company may grant options to directors, officers, employees and consultants of up to 10% of the common shares outstanding at the time of grant. The exercise price, term and vesting period of each option are determined by the board of directors within regulatory guidelines.

Stock option transactions and the number of stock options for the year ended December 31, 2014 are summarized as follows:

Expiry date	Exercise price	December 31, 2013	Granted	Exercised	Expired/ cancelled	December 31, 2014
July 8, 2015	\$0.35	820,000	-	-	(50,000)	770,000
July 15, 2015	\$0.35	10,000	-	-	-	10,000
January 27, 2017	\$0.30	100,000	-	-	-	100,000
April 10, 2017	\$0.30	775,000	-	-	(20,000)	755,000
October 16, 2018	\$0.10	1,550,000	-	(150,000)	-	1,400,000
March 3, 2019	\$0.165	-	200,000	-	-	200,000
Options outstanding		3,255,000	200,000	(150,000)	(70,000)	3,235,000
Options exercisable		3,255,000	200,000	(150,000)	(70,000)	3,235,000
Weighted average exercise price		\$0.22	\$0.165	\$0.10	\$0.34	\$0.22

As of December 31, 2014, the weighted average contractual remaining life is 2.62 years (December 31, 2013 – 3.54 years).

Stock options transactions and the number of stock options for the year ended December 31, 2013 are summarized as follows:

Expiry date	Exercise price	December 31, 2012	Granted	Exercised	Expired/ cancelled	December 31, 2013
August 28, 2013	\$0.20	220,000	-	-	(220,000)	-
July 8, 2015**	\$0.35	870,000	-	-	(50,000)	820,000
July 15, 2015	\$0.35	10,000	-	-	-	10,000
January 27, 2017	\$0.30	100,000	-	-	-	100,000
April 10, 2017**	\$0.30	800,000	-	-	(25,000)	775,000
October 16, 2018*	\$0.10	-	1,550,000	-	-	1,550,000
Options outstanding		2,000,000	1,550,000	-	(295,000)	3,255,000
Options exercisable		2,000,000	1,550,000	-	(295,000)	3,255,000
Weighted average exercise price		\$0.31	\$0.10	\$Nil	\$0.23	\$0.22

\* Subsequent to December 31, 2013, 150,000 options were exercised at the price of \$0.10.

\*\* Subsequent to December 31, 2013, 70,000 options expired.

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**6. CAPITAL AND RESERVES** (Continued)

(d) Share Purchase Option Compensation Plan: (Continued)

The weighted average assumptions used to estimate the fair value of options for the years ended December 31, 2014 and 2013 were:

	2014	2013
Risk-free interest rate	1.60%	1.90%
Expected life	5 years	5 years
Expected volatility	138.42%	132.75%
Expected dividend yield	Nil	Nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options.

(e) Finder's Options:

The continuity of finder's options for the year ended December 31, 2014 is as follows:

Expiry date	Exercise price	December 31, 2013	Issued	Exercised	Expired	December 31, 2014
March 28, 2014	\$0.30	183,913	-	-	(183,913)	-
October 4, 2015 <sup>(1)</sup>	\$0.15	545,500	-	-	-	545,500
September 24, 2016 <sup>(2)</sup>	\$0.10	148,800	-	-	-	148,800
August 22, 2017 <sup>(3)</sup>	\$0.25	-	152,600	-	-	152,600
Outstanding		878,213	152,600	-	(183,913)	846,900
Weighted average exercise price		\$0.17	\$0.25	\$Nil	\$0.30	\$0.16

(1) The finder's options are exercisable into units, with each unit consisting of one common share and one warrant exercisable until October 4, 2015 at \$0.25.

(2) The finder's options are exercisable into units, with each unit consisting of one common share and one warrant exercisable until September 24, 2016 at \$0.15.

(3) 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.

As of December 31, 2014, the weighted average contractual remaining life is 1.27 years (December 31, 2013 – 1.60 years).

The continuity of finder's options for the year ended December 31, 2013 is as follows:

Expiry date	Exercise price	December 31, 2012	Issued	Exercised	Expired	December 31, 2013
March 28, 2014*	\$0.30	183,913	-	-	-	183,913
October 4, 2015	\$0.15	545,500	-	-	-	545,500
September 24, 2016	\$0.10	-	148,800	-	-	148,800
Outstanding		729,413	148,800	-	-	878,213
Weighted average exercise price		\$0.19	\$0.10	\$Nil	\$Nil	\$0.17

\*Subsequent to December 31, 2013, 183,913 finder's options expired.

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**6. CAPITAL AND RESERVES** (Continued)

(e) Finder's Options: (Continued)

The weighted average assumptions used to estimate the fair value of finder's options for the years ended December 31, 2014 and 2013 were:

	2014	2013
Risk-free interest rate	1.11%	1.42%
Expected life	3 years	3 years
Expected volatility	158.03%	148.06%
Expected dividend yield	Nil	Nil

(f) Warrants:

The continuity of warrants for the year ended December 31, 2014 is as follows:

Expiry date	Exercise price	December 31, 2013	Issued	Exercised	Expired	December 31, 2014
October 4, 2015	\$0.25	7,990,000	-	-	-	7,990,000
September 24, 2016	\$0.15	6,000,000	-	(280,000)	-	5,720,000
October 15, 2016	\$0.15	3,500,000	-	(666,666)	-	2,833,334
March 28, 2017*	\$0.40	4,000,000	-	-	-	4,000,000
August 22, 2017	\$0.40	-	4,400,000	-	-	4,400,000
<b>Outstanding</b>		<b>21,490,000</b>	<b>4,400,000</b>	<b>(946,666)</b>	<b>-</b>	<b>24,943,334</b>
Weighted average exercise price		\$0.23	\$0.40	\$0.15	\$Nil	\$0.27

\* On November 21, 2014, the Company extended the expiry date of 4,000,000 outstanding common share purchase warrants to March 28, 2017. The warrants were issued in March 2012, by way of private placement. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.40. The fair value of these extended warrants using the Black-Scholes pricing model assumes an average risk free rate of 1.09%, no dividend yield, average expected life of 27 months and an expected price volatility of 160.63%. As a result, \$95,931 was reallocated from fair value of warrants to share capital.

As of December 31, 2014, the weighted average contractual life is 1.67 years (December 31, 2013 – 1.92 years).

The continuity of warrants for the year ended December 31, 2013 is as follows:

Expiry date	Exercise price	December 31, 2012	Issued	Exercised	Expired	December 31, 2013
January 8, 2013	\$0.50	5,714,284	-	-	(5,714,284)	-
April 27, 2013	\$0.55	625,000	-	-	(625,000)	-
March 28, 2014*	\$0.50	4,000,000	-	-	-	4,000,000
October 4, 2015	\$0.25	7,990,000	-	-	-	7,990,000
September 24, 2016**	\$0.15	-	6,000,000	-	-	6,000,000
October 15, 2016	\$0.15	-	3,500,000	-	-	3,500,000
<b>Outstanding</b>		<b>18,329,284</b>	<b>9,500,000</b>	<b>-</b>	<b>(6,339,284)</b>	<b>21,490,000</b>
Weighted average exercise price		\$0.39	\$0.15	\$Nil	\$0.50	\$0.25

\* Subsequent to December 31, 2013, the Company extended the expiry date of 4,000,000 outstanding common share purchase warrants to December 15, 2014.

\*\* Subsequent to December 31, 2013, 280,000 warrants were exercised at the price of \$0.15.

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**6. CAPITAL AND RESERVES** (Continued)

(f) Warrants: (Continued)

The weighted average assumptions used to estimate the fair value of warrants for the years ended December 31, 2014 and 2013 were:

	2014	2013
Risk-free interest rate	1.10%	1.42%
Expected life	2.04 year	3 years
Expected volatility	166.35%	148.06%
Expected dividend yield	Nil	Nil

**7. RELATED PARTY TRANSACTIONS AND BALANCES**

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, 2014

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

For the year ended December 31, 2013

	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	\$224,717	\$Nil	\$Nil	\$Nil	\$62,933	\$21,716	\$309,366
Winnie Wong, Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$21,716	\$21,716

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**7. RELATED PARTY TRANSACTIONS AND BALANCES** *(Continued)*

Related party liabilities

	Services	Years ended		As at December 31, 2014	As at December 31, 2013
		December 31, 2014	December 31, 2013		
Amounts due to:					
Pacific Opportunity Capital Ltd. <sup>(a)</sup>	Rent, management and accounting services	\$ 253,350	\$ 199,600	\$ 27,562	\$ 7,613
Paul W. Kuhn	Consulting and housing allowance and share-based payment	\$ 309,593	\$ 309,366	\$ 5,105	\$ 8,854
Paul L. Nelles <sup>(b)</sup>	Salaries and share-based payment	\$ 74,351	\$ 36,374	\$Nil	\$Nil
Michael Diehl <sup>(b)</sup>	Salaries and share-based payment	\$ 143,088	\$ 39,110	\$Nil	\$Nil
Mineralia <sup>(c)</sup>	Consulting	\$ 258,770	\$ 269,915	20,634	\$Nil
<b>TOTAL:</b>		<b>\$ 1,039,152</b>	<b>\$ 854,365</b>	<b>\$ 53,301</b>	<b>\$ 16,467</b>

(a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.

(b) Paul L. Nelles and Michael Diehl were director and exploration manager of Innomatik respectively. Starting from April 1, 2014, Mr. Nelles' and Mr Diehl's amounts were paid with Byrnegut's funding for Slivovo. Subsequently, in February 2015, Mr. Diehl ceased to be the exploration manager of Innomatik.

(c) Mineralia, a private company partially owned by Adriano Barros, the general manager of MAEPA.

**8. LOSS PER SHARE**

*Basic and diluted loss per share*

The calculation of basic and diluted loss per share for the year ended December 31, 2014 was based on the loss attributable to common shareholders of \$1,250,956 (December 31, 2013 – \$1,882,598) and a weighted average number of common shares outstanding of 40,494,835 (December 31, 2013 – 31,070,283).

Diluted loss per share did not include the effect of 3,235,000 share purchase options, 846,900 finder's options and 24,943,334 warrants for the year ended December 31, 2014 (December 31, 2013 – 3,255,000 share purchase options, 878,213 finder's options and 21,490,000 warrants) as they are anti-dilutive.

## 9. FINANCIAL INSTRUMENTS

The fair values of the Company's cash and cash equivalents, receivables, due from optionees, accounts payables and accrued liabilities, and due 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 and commodity price risk.

(a) Credit risk

The Company's cash and cash equivalents are held in financial institutions in Canada, Portugal, Kosovo and Barbados. The Company does not have any asset-backed commercial paper in its cash and cash equivalents

(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, 2014, the Company had cash of \$761,932 (December 31, 2013 - \$439,154) and due from optionees of \$195,855 (December 31, 2013 - \$Nil) to settle current liabilities, net of funds held for optionees, of \$810,231 (December 31, 2013 - \$407,667).

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 cash and cash equivalents is limited because they are generally held to maturity.

(d) Commodity price risk

The Company is exposed to price risk with respect to equity 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.

**9. FINANCIAL INSTRUMENTS** *(Continued)*

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, 2014 and 2013.

<b>As at December 31, 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets:				
Cash	\$ 761,932	\$ -	\$ -	761,932
Restricted cash	299,305	-	-	299,305
	\$ 1,061,237	\$ -	\$ -	1,061,237
<b>As at December 31, 2013</b>				
Assets:				
Cash	\$ 439,154	\$ -	\$ -	439,154
Restricted cash	640,504	-	-	640,504
	\$ 1,079,658	\$ -	\$ -	1,079,658

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

The non-cash transactions during the year ended December 31, 2014 were as follows:

- \$14,458 (2013 - \$15,221) in mineral exploration expenses was related to depreciation;
- \$128,890 (2013 - \$nil) in mineral exploration expenses was the fair value of 515,560 common shares issued to make the payment of property license fees;
- \$93,461 (2013 - \$nil) was reclassified from equity reserves to share capital pursuant to the exercise of warrants and stock options;
- \$95,931 (2013 - \$nil) was reclassified from equity reserves to share capital pursuant to the revaluation of extended warrants.



## 11. MANAGEMENT OF CAPITAL RISK

The Company manages its cash and cash equivalents, common shares, warrants, finder's options and share purchase options as capital (see Note 6). 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.

## 12. INCOME TAX

A reconciliation of income taxes at statutory rates is as follows:

	2014	2013
Net loss	\$ (1,250,956)	\$ (1,894,598)
Expected income tax recovery	\$ (325,249)	\$ (487,859)
Effect of foreign tax rate	266,345	85,577
Non-deductible items	7,727	34,670
Deductible items	(26,721)	(25,805)
Unrecognized benefit of non-capital losses	77,898	393,417
	\$ -	\$ -

The significant components of the Company's deferred income tax assets are as follows:

	2014	2013
Deferred income tax assets		
Non-capital loss carryforwards	\$ 690,349	\$ 493,625
Share issue costs	36,648	45,879
	727,087	539,504
Valuation allowance	(727,087)	(539,504)
Net deferred income tax assets	\$ -	\$ -

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**12. INCOME TAX** (Continued)

The Company has available for deduction against future taxable income non-capital losses of approximately \$2,679,500 in Canada. These losses, if not utilized, will expire through to 2034. Tax benefits which may arise as a result of these non-capital losses have not been recognized in these consolidated financial statements and have been offset by a valuation allowance. The following table shows the non-capital losses in Canada:

Year of Origin	Year of Expiry	Non-capital losses/(Income)
2008	2028	\$ 10,500
2009	2029	45,000
2010	2030	38,500
2010	2030	325,000
2011	2031	51,500
2012	2032	798,000
2013	2033	606,000
2014	2034	781,000
		\$ 2,655,500

**13. SEGMENTED FINANCIAL INFORMATION**

The Company operates in one industry segment, being the acquisition and exploration of mineral properties. Geographic information is as follows:

	December 31, 2014	December 31, 2013
Non-current assets		
Portugal	\$ 1,386,250	\$ 1,360,955
Kosovo	167,612	144,990
	\$ 1,553,862	\$ 1,505,945
	Years ended	
	December 31, 2014	December 31, 2013
Mineral exploration expenses		
Portugal	\$ 3,810,406	\$ 3,248,275
Kosovo	933,396	322,056
Germany	10,846	(5,212)
	\$ 4,754,648	\$ 3,565,119

**14. BANK GUARANTEES**

As of December 31, 2014, the Company had a total of €99,500 (\$139,678) (December 31, 2013: €149,500 (\$219,092)) 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.

**15. EVENT AFTER THE REPORTING PERIOD**

On April 15, 2015, the Company announced that Byrncut completed Phase 2 funding and has earned-in to 51% of the Slivovo project. Byrncut also notified the Company that it will continue to fund the next phase of the Slivovo project to earn-in a total interest of 75%.