AVRUPA MINERALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2015, 2014 AND 2013

AVRUPA MINERALS LTD.

Contents

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Avrupa Minerals Ltd.,

We have audited the accompanying consolidated financial statements of Avrupa Minerals Ltd., which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2015, 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. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years ended December 31, 2015, 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.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, Canada
April 28, 2016

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

	Note	2015	2014
Assets			
Current assets			
Cash		$ 161,926	$ 761,932
Restricted cash	5	-	299,305
Prepaid expenses and advances		127,442	240,602
Due from optionees	5	200,349	195,855
VAT receivables		343,898	44,451
		833,615	1,542,145
Non-current assets			
Property deposits	14	269,771	139,678
Exploration and evaluation assets	5	1,479,204	1,479,204
Equipment	4	70,960	74,658
		1,819,935	1,693,540
Total assets		$ 2,653,550	$ 3,235,685
Liabilities			
Current liabilities			
Funds held for optionees	5	$ -	$ 299,305
Accounts payable and accrued liabilities		731,512	756,930
Due to related parties	7	91,541	53,301
		823,053	1,109,536
Equity			
Share capital	6	6,172,356	5,633,560
Reserves	6	5,141,772	4,427,290
Deficit		(9,483,631)	(7,934,701)
		1,830,497	2,126,149
Total equity and liabilities		$ 2,653,550	$ 3,235,685

These consolidated financial statements are authorized for issue by the Board of Directors on April 28, 2016. 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 DECEMBR 31
(Presented in Canadian Dollars)

	Note	2015	2014	2013
Mineral exploration expenses				
Mineral exploration expenses	5	$ 3,395,193	$ 4,754,648	$ 3,565,119
Reimbursements from optionees	5	(2,654,670)	(4,266,870)	(2,397,497)
		(740,523)	(487,778)	(1,167,622)
General administrative expenses				
Bank charges		10,577	11,553	5,750
Consulting		143,100	107,675	98,080
Depreciation		5,765	5,901	4,808
Insurance		4,600	18,577	9,614
Investor relations		163,278	175,574	168,775
Listing and filing fees		10,087	10,197	9,771
Office and administrative fees		21,777	41,990	23,768
Professional fees		180,836	258,688	220,640
Rent		25,729	17,441	13,523
Salaries		161	30,543	122
Share-based payment		192,043	29,141	134,642
Telephone		-	1,208	2,396
Transfer agent fees		6,335	7,138	7,644
Travel		52,130	57,618	29,228
		(816,418)	(773,244)	(728,761)
Other items				
Foreign exchange gain/(loss)		4,256	7,181	(1,188)
Interest income		2,508	8,956	3,141
Other income		1,247	222	-
Property investigation cost		-	(6,293)	(168)
		8,011	10,066	1,785
Loss before non-controlling interest for the year		(1,548,930)	(1,250,956)	(1,894,598)
Non-controlling interest for the year		-	-	12,000
Net loss for the year		(1,548,930)	(1,250,956)	(1,882,598)
Exchange difference arising on the translation of foreign subsidiaries		5,593	(14,805)	40,883
Comprehensive loss for the year		$ (1,543,337)	$ (1,265,761)	$ (1,841,715)
Basic and diluted loss per share	8	$ (0.03)	$ (0.03)	$ (0.06)

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

	Share capital		Reserves							
	Number of shares	Amount	Warrants	Finder's options	Equity-settled employee benefits	Exchange	Subtotal	Deficit	Non-controlling interest	Total equity
Balance as at December 31, 2012	**28,593,571**	**$ 4,512,522**	**$ 2,471,342**	**$ 181,911**	**$ 441,294**	**$ (10,361)**	**$3,084,186**	**$ (4,801,147)**	**$ (84,427)**	**$ 2,711,134**
Share issues:										
Shares issued for private placements	9,500,000	142,847	807,153	-	-	-	807,153	-	-	950,000
Share issue costs	-	(54,907)	-	13,319	-	-	13,319	-	-	(41,588)
Share-based payment	-	-	-	-	134,642	-	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	40,883	(1,882,598)	-	(1,841,715)
Balance as at December 31, 2013	38,543,571	4,647,712	3,278,495	195,230	575,936	30,522	4,080,183	(6,683,745)	-	2,044,150
Share issues:										
Shares issued for private placement	4,400,000	612,371	487,629	-	-	-	487,629	-	-	1,100,000
Share issue costs	-	(101,805)	-	34,534	-	-	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)	-	-	-	(80,431)	-	-	142,000
Shares issued for options exercised	150,000	28,030	-	-	(13,030)	-	(13,030)	-	-	15,000
Revaluation of extended warrants	-	95,931	(95,931)	-	-	-	(95,931)	-	-	-
Share-based payment	-	-	-	-	29,141	-	29,141	-	-	29,141
Comprehensive loss	-	-	-	-	-	(14,805)	(14,805)	(1,250,956)	-	(1,265,761)
Balance as at December 31, 2014	44,555,797	5,633,560	3,589,762	229,764	592,047	15,717	4,427,290	(7,934,701)	-	2,126,149
Share issues:										
Shares issued for private placement	10,920,000	613,483	478,517	-	-	-	478,517	-	-	1,092,000
Share issue costs	-	(74,687)	-	38,329	-	-	38,329	-	-	(36,358)
Share-based payment	-	-	-	-	192,043	-	192,043	-	-	192,043
Comprehensive loss	-	-	-	-	-	5,593	5,593	(1,548,930)	-	(1,543,337)
Balance as at December 31, 2015	**55,475,797**	**$ 6,172,356**	**$ 4,068,279**	**$ 268,093**	**$ 784,090**	**$ 21,310**	**$5,141,772**	**$ (9,483,631)**	**$ -**	**$ 1,830,497**

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

	Note	2015	2014	2013
Cash flows from operating activities				
Loss before non-controlling interest for the year		$ (1,548,930)	$ (1,250,956)	$ (1,894,598)
Items not involving cash:				
Depreciation		5,765	5,901	4,808
Mineral exploration expenses		15,669	143,348	15,221
Share-based payment		192,043	29,141	134,642
Changes in non-cash working capital items:				
VAT receivables		(299,447)	58,602	116,740
Due from optionees		(4,494)	(195,855)	-
Property deposits		(130,093)	79,414	223,662
Prepaid expenses and advances		113,160	(56,029)	(45,994)
Other assets		-	-	1,884
Accounts payable and accrued liabilities		(25,418)	365,730	141,757
Due to related parties		38,240	36,834	(227,802)
Funds held for optionees		(299,305)	(341,199)	640,504
Exchange difference arising on the translation of foreign subsidiaries		1,598	(14,558)	39,953
Net cash (used in) operating activities		(1,941,212)	(1,139,627)	(849,223)
Cash flows from investing activities				
Purchase of equipment		(13,741)	(68,523)	(20,746)
Net cash (used in) investing activities		(13,741)	(68,523)	(20,746)
Cash flows from financing activities				
Proceeds from issuance of common shares		1,092,000	1,257,000	950,000
Share issue costs		(36,358)	(67,271)	(41,588)
Net cash provided by financing activities		1,055,642	1,189,729	908,412
Change in cash for the year		(899,311)	(18,421)	38,443
Cash, beginning of the year		1,061,237	1,079,658	1,041,215
Cash, end of the year		$ 161,926	$ 1,061,237	$ 1,079,658
Cash comprised of:				
Cash		$ 161,926	$ 761,932	$ 439,154
Restricted Cash		-	299,305	640,504
		$ 161,926	$ 1,061,237	$ 1,079,658
Supplementary information:				
Interest received		$ 2,508	$ 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 of 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, 2015.

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
Peshter Mining J.S.C	25%	Kosovo	Exploration
Avrupa Holdings Inc.	100%	Barbados	Holding
Avrupa Portugal Holdings Inc.	100%	Barbados	Holding
Avrupa Kosovo Holdings Inc.	100%	Barbados	Holding

All subsidiaries are entities that we control, either directly or indirectly. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All of the intra-group balances and transactions, including unrealized profits and losses arising from intra=group transactions, have been eliminated in full. For subsidiaries that the Company controls, but does not own 100% of, the net assets and net profit attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the consolidated statements of financial position and consolidated statements of comprehensive loss.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

b) Asset acquisitions *(Continued)*

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.

c) Interests in Joint Arrangements

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which the Company has rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which the Company has rights to only the net assets of the arrangement.

Joint ventures are accounted for in accordance with the policy "Investments in Associates and Joint Ventures." Joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue, expenses and cash flows of the joint operation in the consolidated financial statements.

d) Investments in Associates and Joint Ventures

Investments over which the Company exercises significant influence and which it does not control or jointly control are associates. Investments in associates are accounted for using the equity method, except when classified as held for sale. Investments in joint ventures as determined in accordance with the policy "Interests in Joint Arrangements" are also accounted for using the equity method.

The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's or joint venture's net assets such as dividends.

The Company's proportionate share of the associate's or joint venture's profit or loss and other comprehensive income or loss is based on its most recent financial statements. Adjustments are made to align any inconsistencies between the Company's accounting policies and the associate's or joint venture's policies before applying the equity method. Adjustments are also made to account for depreciable assets based on their fair values at the acquisition date of the investment and for any impairment losses recognized by the associate or joint venture.

If the Company's share of the associate's or joint venture's losses equals or exceeds the investment in the associate or joint venture, recognition of further losses is discontinued. After the Company's interest is reduced to zero, additional losses will be provided for and a liability recognized only to the extent that the Company has incurred legal or constructive obligations to provide additional funding or make payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

At each statement of financial position date, management considers whether there is objective evidence of impairment in associates and joint ventures. If there is such evidence, management determines if there is a need to record an impairment in relation to the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e) 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.

f) 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.

g) 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)*

g) 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.

h) Equipment

Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment 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 equipment, less their estimated residual value.

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

i) 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)*

j) 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.

k) 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:

<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 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.

l) 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

m) 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.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

m) Financial instruments *(Continued)*

Financial liabilities *(Continued)*

At December 31, 2015, 2014 and 2013, the Company did not have any derivative financial assets or liabilities.

n) 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.

o) 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 reflects 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

p) 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.

q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2015 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 11 (effective January 1, 2016) Joint Arrangements
- IFRS 9 (effective January 1, 2017) Financial Instruments
- IFRS 10 (effective January 1, 2017) Consolidated Financial Statements
- IAS 28 (effective January 1, 2017) Investments in Associates and Joint Ventures

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

(Presented in Canadian Dollars)

4. EQUIPMENT

	Furniture and other equipment	Vehicles	Other assets	Total
Cost				
As at January 1, 2014	$ 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
Additions during the year	10,588	2,194	959	13,741
Exchange adjustment	7,712	11,925	1,416	21,053
As at December 31, 2015	$ 127,549	$ 183,038	$ 22,431	$ 333,018
Accumulated depreciation				
As at January 1, 2014	$ 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
Depreciation for the year	15,534	4,426	1,474	21,434
Exchange adjustment	5,267	10,694	1,097	17,058
As at December 31, 2015	$ 82,324	$ 162,870	$ 16,864	$ 262,058
Net book value				
As at January 1, 2014	$ 19,846	$ -	$ 6,895	$ 26,741
As at December 31, 2014	$ 47,726	$ 21,169	$ 5,763	$ 74,658
As at December 31, 2015	$ 45,225	$ 20,168	$ 5,567	$ 70,960

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

	Portugal					Kosovo		Germany	Others	
	Alvalade	**Covas**	**Alvito**	**Callinan Generative**	**Others**	**Slivovo**	**Others**			**Total**
Exploration and evaluation assets										
Acquisition costs										
As of January 1, 2015	$ 167,920	$ 71,289	$ -	$ -	$ 1,096,840	$ 143,155	$ -	$ -	$ -	$ 1,479,204
Additions during the period	-	-	-	-	-	-	-	-	-	-
As of December 31, 2015	$ 167,920	$ 71,289	$ -	$ -	$ 1,096,840	$ 143,155	$ -	$ -	$ -	$ 1,479,204
Mineral exploration expenses for the year ended December 31, 2015										
Assaying	$ -	$ -	$ -	$ -	$ -	$ 193,353	$ 23,677	$ -	$ -	$ 217,030
Concession fees and taxes	401	30,155	25,867	-	51,626	3,243	3,050	-	-	114,342
Depreciation	-	-	380	-	15,289	-	-	-	-	15,669
Drilling	-	-	-	-	-	979,472	-	-	-	979,472
Geological salaries and consulting	210,191	123,252	164,588	-	297,094	82,945	-	5,295	-	883,365
Geology work	-	-	-	976	-	501,665	-	-	44,070	546,711
Insurance	1,326	-	1,400	-	11,981	9,413	207	-	-	24,327
Legal and accounting	-	-	113	-	145	33,263	-	-	-	33,521
Office and administrative fees	19,183	1,368	9,984	366	57,098	58,115	2,902	-	21,352	170,368
Rent	53,433	8,511	20,740	-	58,010	12,319	-	-	9,240	162,253
Site costs	9,834	999	9,942	-	19,726	90,194	-	-	5,307	136,002
Travel	16,546	1,302	9,834	-	9,896	48,740	2,541	-	7,103	95,962
Trenching and road work	-	-	-	-	-	16,171	-	-	-	16,171
Reimbursements from optionee	(276,301)	(214,093)	(202,102)	(1,342)	-	(1,960,832)	-	-	-	(2,654,670)
	$ 34,613	$ (48,506)	$ 40,746	$ -	$ 520,865	$ 68,061	$ 32,377	$ 5,295	$ 87,072	$ 740,523
Cumulative mineral exploration expenses since acquisition										
Assaying	$ -	$ -	$ -	$ -	$ -	$ 300,605	$ 31,793	$ 10,846	$ -	$ 343,244
Concession fees and taxes	132,598	185,242	61,288	55	263,623	9,998	194,420	4	-	847,228
Depreciation	-	-	5,515	-	39,833	-	-	-	-	45,348
Drilling	-	-	-	-	-	1,259,397	-	-	-	1,259,397
Geological salaries and consulting	5,770,784	1,949,183	482,147	91,032	1,892,085	119,120	509,379	12,359	-	10,826,089
Geology work	-	-	-	32,377	-	897,471	402,515	193,998	44,070	1,570,431
Insurance	18,167	10,457	3,408	758	20,746	14,604	14,790	-	-	82,930
Legal and accounting	296	-	142	-	389	58,158	-	-	-	58,985
Office and administrative fees	187,589	22,543	24,102	5,068	129,277	73,450	19,082	5,255	21,352	487,718
Rent	331,498	31,480	48,403	3,187	189,504	27,969	44,992	-	9,240	686,273
Site costs	105,191	56,678	22,604	3,054	72,063	185,074	189,975	-	5,307	639,946
Travel	222,442	54,274	30,179	14,469	72,245	59,479	11,798	-	7,103	471,989
Trenching and road work	-	-	-	-	-	34,339	-	-	-	34,339
Reimbursements from optionee	(6,849,494)	(2,243,535)	(414,767)	(150,000)	(83,125)	(2,880,487)	-	-	-	(12,621,408)
	$ (80,929)	$ 66,322	$ 263,021	$ -	$ 2,596,640	$ 159,177	$ 1,418,744	$ 222,462	$ 87,072	$ 4,732,509

(Presented in Canadian Dollars)

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

	Portugal					Kosovo		Germany	Others	
	Alvalade	Covas	Alvito	Callinan Generative	Others	Slivovo	Others			Total
Exploration and evaluation assets										
Acquisition costs										
As of January 1, 2014	$ 167,920	$ 71,289	$ -	$ -	$ 1,096,840	$ 143,155	$ -	$ -	$ -	$ 1,479,204
Additions during the year	-	-	-	-	-	-	-	-	-	-
As of December 31, 2014	$ 167,920	$ 71,289	$ -	$ -	$ 1,096,840	$ 143,155	$ -	$ -	$ -	$ 1,479,204
Mineral exploration expenses for the year ended December 31, 2014										
Assaying	$ -	$ -	$ -	$ -	$ -	$ 107,252	$ -	$ 10,846	$ -	$ 118,098
Concession fees and taxes	37,285	25,949	5,134	55	68,563	2,249	1,910	-	-	141,145
Depreciation	-	-	3,107	-	11,351	-	-	-	-	14,458
Drilling	-	-	-	-	-	279,925	-	-	-	279,925
Geological salaries and consulting	1,988,160	690,958	195,244	85,498	175,380	6,636	6,697	-	-	3,148,573
Geology work	-	-	-	31,401	-	382,799	4,039	-	-	418,239
Insurance	11,046	8,176	1,213	758	3,591	4,033	276	-	-	29,093
Legal and accounting	-	-	29	-	157	24,895	-	-	-	25,081
Office and administrative fees	64,982	4,172	8,511	4,600	30,347	13,016	42	-	-	125,670
Rent	99,886	11,267	19,142	3,187	57,828	11,878	-	-	-	203,188
Site costs	22,889	16,378	8,388	2,912	11,444	58,256	59	-	-	120,326
Travel	55,103	12,910	11,523	14,401	7,481	10,548	718	-	-	112,684
Trenching and road work	-	-	-	-	-	18,168	-	-	-	18,168
Reimbursements from optionee	(2,279,351)	(769,369)	(183,292)	(114,904)	(299)	(919,655)	-	-	-	(4,266,870)
	$ -	$ 441	$ 68,999	$ 27,908	$ 365,843	$ -	$ 13,741	$ 10,846	$ -	$ 487,778
Cumulative mineral exploration expenses since acquisition										
Assaying	$ -	$ -	$ -	$ -	$ -	$ 107,252	$ 8,116	$ 10,846	$ -	$ 126,214
Concession fees and taxes	132,197	155,087	35,421	55	211,997	6,755	191,370	4	-	732,886
Depreciation	-	-	5,135	-	24,544	-	-	-	-	29,679
Drilling	-	-	-	-	-	279,925	-	-	-	279,925
Geological salaries and consulting	5,560,593	1,825,931	317,559	91,032	1,594,991	36,175	509,379	7,064	-	9,942,724
Geology work	-	-	-	31,401	-	395,806	402,515	193,998	-	1,023,720
Insurance	16,841	10,457	2,008	758	8,765	5,191	14,583	-	-	58,603
Legal and accounting	296	-	29	-	244	24,895	-	-	-	25,464
Office and administrative fees	168,406	21,175	14,118	4,702	72,179	15,335	16,180	5,255	-	317,350
Rent	278,065	22,969	27,663	3,187	131,494	15,650	44,992	-	-	524,020
Site costs	95,357	55,679	12,662	3,054	52,337	94,880	189,975	-	-	503,944
Travel	205,896	52,972	20,345	14,469	62,349	10,739	9,257	-	-	376,027
Trenching and road work	-	-	-	-	-	18,168	-	-	-	18,168
Reimbursements from optionee	(6,573,193)	(2,029,442)	(212,665)	(148,658)	(83,125)	(919,655)	-	-	-	(9,966,738)
	$ (115,542)	$ 114,828	$ 222,275	$ -	$ 2,075,775	$ 91,116	$ 1,386,367	$ 217,167	$ -	$ 3,991,986

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

Portugal

The Company, through its 100% holding in MAEPA, holds six 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
- 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:

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

On August 31, 2015, the Company signed an agreement with Colt Resources Inc. ("Colt") and Antofagasta, whereby Colt purchased Antofagasta's 60% interest in the Alvalade property. With the assignment agreement, Colt is the optionee partner with the Company under the existing earn-in agreement which was last amended in January 2015. Colt can earn up to 80% of the JV through a combination of exploration expenditures, completion of a feasibility study, and generation of a mine development decision by the end of the year 2023 as follows:

- To earn a further 2.5% of the JV (for an aggregate total of 62.5%), Colt must fund US$1.75 million by December 31, 2015 (Option 3 Year 1) [not met].
- To earn a further 2.5% of the JV (for an aggregate total of 65%), Colt 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%), Colt 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%), Colt 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%), Colt 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).
- If Option 5 expenditures are not sufficient to fund a Feasibility Study, Colt 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%), Colt 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).

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

Portugal *(Continued)*

Alvalade: *(Continued)*

- Colt will carry the Company through to production, and the Company will repay Colt from proceeds, dividends, and sales generated by the actual production from any mine within the project area.

As of December 31, 2015, Colt forwarded a total of $215,006 (€148,702) for the Alvalade property. The Company incurred an additional amount of $61,295 (€40,784) as of December 31, 2015 which will be reimbursed by Colt. As of December 31, 2015, Colt had not met the Option 3 Year 1 expenditures and the Company is currently negotiating with Colt.

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. Blackheath then earned 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. [subsequently not completed]
- 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, 2015, Blackheath had forwarded a total $2,149,982 (€1,563,930) for the Covas property. The Company incurred an additional amount of $93,553 (€62,248) as of December 31, 2015 which will be reimbursed by Blackheath. Subsequently, Blackheath did not meet the exploration requirement by March 20, 2016 and the Company is currently negotiating with Blackheath.

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

Portugal *(Continued)*

Alvito:

On June 17, 2015, the Company signed an agreement to option out the Alvito IOCG Project to Lowell Copper Ltd. ("Lowell"). The agreement carries the following terms (in summary):

- To earn a 51% interest, Lowell must spend US$300,000 on exploration and issue 50,000 common shares to the Company by June 17, 2016 and an additional US$1.1 million and 50,000 common shares by June 17, 2017 (Year 1 – Year 2).
- To earn a further 14% interest (for an aggregate total of 65%), Lowell must fund US$3 million on exploration by June 17, 2020 and issue 50,000 common shares each year (Year 3 – Year 5).
- To earn a further 15% interest (for an aggregate total of 80%), Lowell must complete a Pre-Feasibility Study by June 17, 2023 (Year 6 – Year 8).

In November 2015, Lowell terminated the agreement.

As of December 31, 2015, Lowell had forwarded a total $201,407 (€136,819) for the Alvito property.

Previously, on November 20, 2013, the Company received $150,000 in funding from Callinan Royalties Corporation ("Callinan") (now Altius Minerals Corporation) 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). Callinan had forwarded a total $150,000 (€103,609) for the Alvito property. On March 10, 2015, Callinan terminated the Agreement and retains the 1.5% NSR royalty.

Similarly, on October 22, 2014, the Company and a third party signed an exclusivity agreement (the "Agreement") which called for the third party to fund various work programs during a two-stage review period. The third party would fund 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 third party could proceed to commercial negotiations toward a potential transaction; or fund the stage 2 work program; or terminate the Agreement. The third party had forwarded a total $63,361 (US$55,538) for the Alvito property. On February 5, 2015, the third party terminated the Agreement.

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

Portugal *(Continued)*

Callinan Generative:

On October 3, 2013, the Company and Callinan signed a three-year Generative Exploration Alliance Agreement (the "Agreement") which called 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 would 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 funded 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 determined that further value could be generated for the new project after spending the additional $150,000, Callinan had 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 had 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").

Callinan had forwarded a total $150,000 (€106,114) for the Callinan Generative exploration project. On March 10, 2015, Callinan terminated the Agreement.

Kosovo

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

- Slivovo
- Metovit

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. The Kamenica license was dropped but replaced by the Metovit application.

Slivovo:

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

As of December 31, 2015, Byrnecut had forwarded a total $2,834,986 (€2,000,000) for the Slivovo property. The Company incurred an additional amount of $45,501 (€30,275) as of December 31, 2015 which will be reimbursed by Byrnecut.

Byrnecut and the Company set up a joint venture entity known as Peshter Mining J.S.C. to reflect the 75:25 ownership and transferred the license into Peshter Mining J.S.C.

(Presented in Canadian Dollars)

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, 2015, the Company had spent $222,462 (€172,748) on the Oelsnitz property. The Company has completed its 85% earn-in and is working with Beak to set up the joint-venture entity.

	December 31, 2015	December 31, 2014
Restricted cash & Funds held for optionees		
Alvito - Callinan	$ -	$ 696
Generattive Exploration Alliance - Callinan	-	1,342
Byrnecut - Slivovo	-	297,267
	$ -	$ 299,305
Due from optionees		
Alvalade - Antofagasta	$ -	$ 45,942
Alvalade - Colt	61,295	-
Covas - Blackheath	93,553	110,208
Alvito - optionee	-	39,705
Byrnecut - Slivovo	45,501	-
	$ 200,349	$ 195,855

6. CAPITAL AND RESERVES

(a) Authorized:

At December 31, 2015, 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 two Kosovo licenses. The agreed-upon payment equivalent to €50,000 in cash or shares per license.

(Presented in Canadian Dollars)

6. CAPITAL AND RESERVES *(Continued)*

(b) Share issuances: *(Continued)*

vii. On July 14, 2015, the Company completed a non-brokered private placement issuing 10,920,000 units at a price of $0.10 per unit for gross proceeds of $1,092,000. 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 $478,517.

468,000 finder's options were issued as part of the financing. Each finder's option can be converted into a share 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 $38,329. In addition, $36,358 was included in share issue costs.

(c) 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, 2015 are summarized as follows:

Expiry date	Exercise price	December 31, 2014	Granted	Exercised	Expired/ cancelled	December 31, 2015
July 8, 2015	$0.35	770,000	-	-	(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	755,000	-	-	(35,000)	720,000
July 15, 2017	$0.10	-	300,000	-	-	300,000
October 16, 2018	$0.10	1,400,000	-	-	(55,000)	1,345,000
March 3, 2019	$0.165	200,000	-	-	-	200,000
July 15, 2020	$0.10	-	2,015,000	-	-	2,015,000
Options outstanding		3,235,000	2,315,000	-	(870,000)	4,680,000
Options exercisable		3,235,000	2,090,000	-	(870,000)	4,455,000
Weighted average exercise price		$0.22	$0.10	$Nil	$0.33	$0.14

As of December 31, 2015, the weighted average contractual remaining life is 3.21 years (December 31, 2014 – 2.62 years; December 31, 2013 – 3.54 years).

(Presented in Canadian Dollars)

6. CAPITAL AND RESERVES *(Continued)*

(c) Share Purchase Option Compensation Plan: *(Continued)*

Stock options 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

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 15, 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

The weighted average assumptions used to estimate the fair value of options for the years ended December 31, 2015, 2014 and 2013 were:

	2015	2014	2013
Risk-free interest rate	1.45%	1.60%	1.90%
Expected life	4.89 years	5 years	5 years
Expected volatility	149.53%	138.42%	132.75%
Expected dividend yield	Nil	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.

(Presented in Canadian Dollars)

6. CAPITAL AND RESERVES *(Continued)*

(d) Finder's Options:

The continuity of finder's options for the year ended December 31, 2015 is as follows:

Expiry date	Exercise price	December 31, 2014	Issued	Exercised	Expired	December 31, 2015
October 4, 2015	$0.15	545,500	-	-	(545,500)	-
September 24, 2016[(1)]	$0.10	148,800	-	-	-	148,800
August 22, 2017[(2)]	$0.25	152,600	-	-	-	152,600
July 14, 2018	$0.10	-	468,000	-	-	468,000
Outstanding		846,900	468,000	-	(545,500)	769,400
Weighted average exercise price		$0.16	$0.10	$Nil	$0.15	$0.13

(1) 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.
(2) 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, 2015, the weighted average contractual remaining life is 2.01 years (December 31, 2014 – 1.27 years; December 31, 2013 – 1.60 years).

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	$0.15	545,500	-	-	-	545,500
September 24, 2016	$0.10	148,800	-	-	-	148,800
August 22, 2017	$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

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 3, 2015	$0.15	545,500	-	-	-	545,500
September 25, 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

The weighted average assumptions used to estimate the fair value of finder's options for the years ended December 31, 2015, 2014 and 2013 were:

	2015	2014	2013
Risk-free interest rate	1.00%	1.11%	1.42%
Expected life	3 years	3 years	3 years
Expected volatility	153.46%	158.03%	148.06%
Expected dividend yield	Nil	Nil	Nil

(Presented in Canadian Dollars)

6. CAPITAL AND RESERVES *(Continued)*

(e) Warrants:

The continuity of warrants for the year ended December 31, 2015 is as follows:

Expiry date	Exercise price	December 31, 2014	Issued	Exercised	Expired	December 31, 2015
September 24, 2016	$0.15	5,720,000	-	-	-	5,720,000
October 15, 2016	$0.15	2,833,334	-	-	-	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
October 4, 2017	$0.25	7,990,000	-	-	-	7,990,000
July 14, 2018	$0.15	-	10,920,000	-	-	10,920,000
Outstanding		24,943,334	10,920,000	-	-	35,863,334
Weighted average exercise price		$0.27	$0.15	$Nil	$Nil	$0.23

As of December 31, 2015, the weighted average contractual life is 1.68 years (December 31, 2014 – 1.67 years; December 31, 2013 – 1.92 years).

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
Outstanding		21,490,000	4,400,000	(946,666)	-	24,943,334
Weighted average exercise price		$0.23	$0.40	$0.15	$Nil	$0.27

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 3, 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
Outstanding		18,329,284	9,500,000	-	(6,339,284)	21,490,000
Weighted average exercise price		$0.39	$0.15	$Nil	$0.50	$0.25

The weighted average assumptions used to estimate the fair value of warrants for the year ended December 31, 2015, 2014 and 2013 were:

	2015	2014	2013
Risk-free interest rate	0.95%	1.10%	1.42%
Expected life	2.58 years	2.04 years	3 years
Expected volatility	148.02%	166.35%	148.06%
Expected dividend yield	Nil	Nil	Nil

(Presented in Canadian Dollars)

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, 2015

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

For the year ended December 31, 2014

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

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

(Presented in Canadian Dollars)

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

Related party liabilities

		Years ended				
	Services	December 31, 2015	December 31, 2014	December 31, 2013	As at December 31, 2015	As at December 31, 2014
Amounts due to:						
Pacific Opportunity Capital Ltd. [(a)]	Rent, management and accounting services	$ 254,775	$ 253,350	$ 199,600	$ 11,288	$ 27,562
Paul W. Kuhn	Consulting and housing allowance and share-based payment	$ 333,037	$ 309,593	$ 309,366	$ 13,076	$ 5,105
Paul L. Nelles [(b)]	Salaries and share-based payment	$ 100,526	$ 74,351	$ 36,374	$ Nil	$ Nil
Michael Diehl [(b)]	Salaries and share-based payment	$ 47,213	$ 143,088	$ 39,110	$ Nil	$ Nil
Mineralia [(c)]	Consulting	$ 254,598	$ 258,770	$ 269,915	$ 67,177	$ 20,634
Adriano Barros [(c)]	Share-based payment	$ 4,550	$ Nil	$ 1,961	$ Nil	$ Nil
TOTAL:		$ 994,699	$ 1,039,152	$ 856,326	$ 91,541	$ 53,301

(a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.
(b) Paul L. Nelles is a director of Innomatik while Michael Diehl was the former exploration manager of Innomatik. In February 2015, Mr. Diehl ceased to be the exploration manager of Innomatik. Commencing April 1, 2014, Mr. Nelles' and Mr. Diehl's amounts were paid with Byrnecut's funding for Slivovo.
(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, 2015 was based on the loss attributable to common shareholders of $1,548,930 (2014 – $1,250,956; 2013 - $1,882,598) and a weighted average number of common shares outstanding of 49,641,824 (2014 – 40,494,835; 2013 – 31,070,283).

Diluted loss per share did not include the effect of 4,680,000 share purchase options, 769,400 finder's options and 35,863,334 warrants for the year ended December 31, 2015 (2014 – 3,235,000 share purchase options, 846,900 finder's options and 24,943,334 warrants; 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, restricted cash, VAT receivables, due from optionees, property deposits, funds held for 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, commodity price risk and currency risk.

(a) Credit risk

The Company's cash is held in financial institutions in Canada, Portugal, Kosovo and Barbados.

(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, 2015, the Company had cash of $161,926 (December 31, 2014 - $761,932), VAT receivables of $343,898 (December 31, 2014 - $44,451) and due from optionees of $200,349 (December 31, 2014 - $195,855) to settle current liabilities, net of funds held for optionees, of $823,053 (December 31, 2014 - $810,231).

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. A 1% change in the interest rate, with other variables unchanged, would affect the Company by an annualized amount of interest equal to approximately $480.

(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.

9. FINANCIAL INSTRUMENTS *(Continued)*

(e) Currency risk

The Company's property interests in Portugal and Kosovo make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of $3,281 dominated in US dollars and Euros. A 1% change in the absolute rate of exchange in US dollars and Euros would affect its net loss by $32,329.

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, 2015 and December 31, 2014.

As at December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash	$ 161,926	$ -	$ -	$ 161,926
	$ 161,926	$ -	$ -	$ 161,926

As at December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash	$ 761,932	$ -	$ -	$ 761,932
Restricted cash	299,305	-	-	299,305
	$ 1,061,237	$ -	$ -	$ 1,061,237

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The non-cash transactions during the year ended December 31, 2015 were as follows:

- $15,669 (2014 - $14,458; 2013 - $15,221) in mineral exploration expenses was related to depreciation;
- $Nil (2014 - $128,890; 2013 - $Nil) in mineral exploration expenses related to the fair value of common shares issued to make payments for property license fees;
- $Nil (2014 - $93,461; 2013 - $Nil) was reclassified from equity reserves to share capital pursuant to the exercise of warrants and stock options;
- $Nil (2014 - $95,931; 2013 - $Nil) was reclassified from equity reserves to share capital pursuant to the revaluation of extended warrants;
- $38,329 (2014 - $34,534; 2013 - $13,319) in share issue costs related to the issue of finder's options pursuant to the private placement financing completed.

11. MANAGEMENT OF CAPITAL RISK

The Company manages its cash, 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.

(Presented in Canadian Dollars)

12. INCOME TAX

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

	2015	2014	2013
Net loss	$ (1,548,930)	$ (1,250,956)	$ (1,894,598)
Expected income tax recovery	$ (402,722)	$ (325,249)	$ (487,859)
Effect of foreign tax rate	348,770	266,345	85,577
Non-deductible items	50,201	7,727	34,670
Deductible items	(15,635)	(26,721)	(25,805)
Unrecognized benefit of non-capital losses	19,386	77,898	393,417
	$ -	$ -	$ -

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

	2015	2014
Deferred income tax assets		
Non-capital loss carryforwards	$ 914,525	$ 690,349
Share issue costs	30,466	36,648
	944,991	726,997
Valuation allowance	(944,991)	(726,997)
Net deferred income tax assets	$ -	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $3,517,500 in Canada (2014 - $2,655,500). These losses, if not utilized, will expire through to 2035. 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	921,000
2015	2035	722,000
		$ 3,517,500

(Presented in Canadian Dollars)

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, 2015		December 31, 2014
Non-current assets				
Portugal	$	1,654,511	$	1,525,928
Kosovo		165,424		167,612
	$	1,819,935	$	1,693,540

		Years ended		
		December 31, 2015		December 31, 2014
Mineral exploration expenses				
Portugal	$	1,241,556	$	3,810,406
Kosovo		2,061,270		933,396
Germany		5,295		10,846
Others		87,072		-
	$	3,395,193	$	4,754,648

14. PROPERTY DEPOSITS

As of December 31, 2015, the Company had a total of €179,500 ($269,771) (December 31, 2014: €99,500 ($139,678)) 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.