Background

This management discussion and analysis ("MD&A") of financial position and results of operation is prepared as of May 27, 2011 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the unaudited financial statements and the related notes for three months ended March 31, 2011 and the Company's audited financial statements for the eight months ended December 31, 2010. All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Company Overview

Avrupa Minerals Ltd. (formerly Everclear Capital Ltd.) (the "Company") was a capital pool company ("CPC") under the TSX Venture Exchange (the "Exchange") Policy 2.4. The Company's stock was listed and began trading on the TSX Venture Exchange on September 2, 2008 under the symbol "EVA.P". As a CPC, the Company was required to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and to complete its Qualifying Transaction ("QT") by September 2, 2010, which is 24 months from listing on the Exchange. On July 13, 2010, the Company received the final approval from the Exchange for its QT and its common shares resumed trading under its current name and trading symbol "AVU.V" as of July 14, 2010.

Highlights

<u>Qualifying Transaction</u>

The Company signed a letter of intent on March 22, 2010 and the final share purchase agreement on June 23, 2010 with Metallica Mining ASA ("Metallica"), a private Norwegian company, to acquire the controlling interest in MAEPA Empreendimentos Mineiros e Participacoes Lda., a private Portugese company ("MAEPA"), and Innomatik Exploration Kosovo LLC, a private Kosovo company ("Innomatik"). The Company acquired the following shares from Metallica: (a) 90% of the issued and outstanding shares in MAEPA ("MAEPA Shares") and (b) 92.5% of the issued and outstanding shares of Innomatik ("Innomatik Shares").

Pursuant to the share purchase agreement, the Company acquired the MAEPA Shares and Innomatik Shares from Metallica for $912,890 in cash (the "Purchase Price").

In connection with the QT, the Company advanced to Metallica an amount of up to $150,000 (the "Loan") as an advance on the Purchase Price. The Loan would be due on September 30, 2010, and would accrue interest at LIBOR plus 400 basis points per month, compounded monthly and payable on maturity. In addition, the Loan would be convertible, at any time prior to maturity, into common shares of Metallica at a rate of NOK 0.10 per common share, and would be secured by a pledge of the MAEPA Shares. With the completion of the acquisitions of MAEPA and Innomatik on July 13, 2010, the loan was repaid by reducing the Purchase Price.

Pursuant to the share purchase agreement, Metallica would pay to the Company $320,000, which was received on March 30, 2011, in accordance with the sale of the Repparfjord copper property in Norway to a third party. The receipt of the Repparfjord funds would bring the final purchase price down to $ 592,890.

In connection with the QT, on June 22, 2010, the Company closed a private placement for gross proceeds of $4 million and the gross proceeds were released to the Company upon the completion of the QT. In October 2010, the Company raised another $500,000 in a private placement. See "Outstanding Share Data" section.

Exploration Activities

<u>Portugal</u>

The Company's exploration program is currently focused in the Portuguese portion of the Iberian Pyrite Belt, a district with over 2,000 years of mining history from at least Roman times. The Company controls a large land position of approximately 1,375 square kilometers in the northern part of the Pyrite Belt where the least amount of systematic exploration for copper- and zinc-bearing massive sulfide deposits has occurred. The Company is currently drilling in the Serrinha District on its **Marateca** license.

The Company is also compiling, reviewing, and re-processing a large amount of data generated by previous explorers in the Lousal-Caveira Mining District, which is covered by three contiguous properties: **Alvalade**, **Canal Caveira**, and **Ferreira do Alentejo**.

The Company controls a small, but good grade tungsten deposit (**Covas**) in northern Portugal, and is actively advancing the property with a goal of finding a suitable joint venture partner to bring the project to the next level.

The Company is also actively exploring in other parts of the country, using its experience-amassed database to review old prospects and districts from new angles and to develop wholly new generative ideas.

a) Marateca

The Company initiated a three-hole scout drilling program to test for the possibility of a Neves Corvo-style massive sulfide system in the Serrinha District at the northern end of the Portuguese Pyrite Belt. Two of the holes at the Volta and São Martinho locations will target classic massive sulfide mineralization based on interpretation of gravity, reflection seismic, and IP-Resistivity geophysical data. The third target, at the Serrinha location, is based more on the surface presence of exhalitive-style mineralization and alteration, anomalous soil geochemistry (Cu, Pb, Zn, Ag, As, Sb, Ba, Mn, Hg), and a broad subsurface IP chargeability anomaly that may indicate the possibility of stockwork or VMS feeder-zone mineralization. The first pass exploratory drilling has been designed to better understand the targets and to add to the total knowledge of the target area, making the project more attractive to potential joint venture partners. The Company plans to drill approximately 1300 meters to test the Serrinha target area in 2011. As of March 31, 2011, the Company had reached 315 meters at the Serrinha target drill hole and 310 meters at the Volta massive sulfide target. The estimated TD for the Volta hole is 450-500 meters, while the Serrinha hole was nearing completion.

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

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

The Company holds the exploration rights to 1,000 square kilometers in three contiguous licenses located between the Marateca license and the operating Aljustrel Zn-Cu-Fe Mine. The properties cover a number of areas of mineralization and formerly working mines, including the Lousal and Caveira Mines. The Company is currently working on compilation and re-interpretation of historic geophysical, geological, and geochemical data for the Lousal-Caveira district and has identified several untested targets.

The Company has also contracted US-based Gradient Geophysics to re-process old airborne geophysical data purchased from LNEG. The magnetic and gravity data was originally collected in the 1980's and 1990's by previous operators in the northern Pyrite Belt. With more recent technology and a better knowledge of the district, the Company plans to enhance the targeting of potentially anomalous areas in the project area. Gravity surveys have been a key prospecting tool in the Pyrite Belt of both Portugal and Spain.

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

The Company has used its regional knowledge and the records of widespread previous drilling in over 100 locations on the properties to construct maps for the depth to basement rocks and the inferred geology of the basement rocks of the Lousal-Caveira District. This work has lead to a better understanding of the regional subsurface structure, the location of potential basins where massive sulfide mineralization is more likely to exist, and emphasis of the fact that there are probably three belts with potential for mineralization passing through the license block, rather than the previously-understood two belts.

The next step will be to review and enhance the surface geological mapping, with the intent to further upgrade and prioritize already-developed drill targets, as well as generate new target areas. The Company is actively engaged in the identification of possible Option/JV partnerships which will be most beneficial to moving through drilling phase in the Lousal-Caveira District.

c) Covas

The Covas tungsten deposit is a ring of tungsten-bearing pyrrhotite skarns that surrounds a 3 kilometer by 2 kilometer presumed buried multiple-intrusion complex, called the Covas Dome. Previous operators drilled nearly

27,000 meters in 329 drill holes, and Union Carbide, the last major explorer in the district, developed a non 43-101 compliant historic resource of 1 million metric tonnes @ 0.7% WO_3 at Covas. Information about the historic Covas tungsten resource comes from NI 43-101 technical report entitled "Covas Tungsten Deposit", written for Wega Mining ASA by B.J. Price, P. Geo., in 2007. The Company has not completed sufficient work to validate the information, although it is considered to be reliable and relevant. Despite the large amount of drilling, the skarn ring has only been about 40% explored, and only cursory work has been completed in the Dome area.

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

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

The new geochemical and geophysical work, coupled with previous mapping and sampling around the entire district, as well as with recent prospecting and first-pass geological mapping in the Dome area, shows at least half a dozen coincident, geochemical, geophysical, and geological anomalies that can be upgraded into drill targets and will require drill testing. The goal for this work will be to double the resource of high grade skarn-related mineralization in the Skarn Ring zone, and to unlock the potential of intrusion-related mineralization in the Dome complex. For more information, see news release on March 7, 2011.

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

Subsequent to the end of the March 31, 2011 quarter, 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 in exploration on the project before March 20, 2013, of which €150,000 is a firm commitment and must be spent by March 20, 2012. Blackheath can then earn an additional 19% by spending an additional €700,000 for a total interest of 70% for total expenditures of €1,000,000, by March 20, 2014. See the May 18, 2011 news release for more details. Blackheath can also earn another 15% for a total interest of 85% by completing a pre-feasibility study (as defined by NI 43-101 regulations) on the property by March 20, 2016.

d) Exploration and prospect generation (Countrywide)

Given the Company's long experience in Portugal through MAEPA, new ideas and prospect generation are also an important part of exploration in the country. The Company's team has identified a district in southern Portugal where previous stream sediment sampling has produced significant clusters of copper and zinc anomalies around the margins of a known intrusive body. The Company applied for an exploration license of approximately 2,700 square kilometers, covering the anomalous region. The Company is now waiting for potential issuance of the permit, which may be expected sometime late in the 3rd or 4th quarter of 2011, after national elections and political consolidation in Portugal, according to the Mining Bureau.

The Company has also applied for a 28.4-km^2 license area covering intrusion-related gold targets in northern Portugal. After the government review, the license may be issued by the 4th quarter of 2011. The Company continues to actively pursue other possibilities around the country.

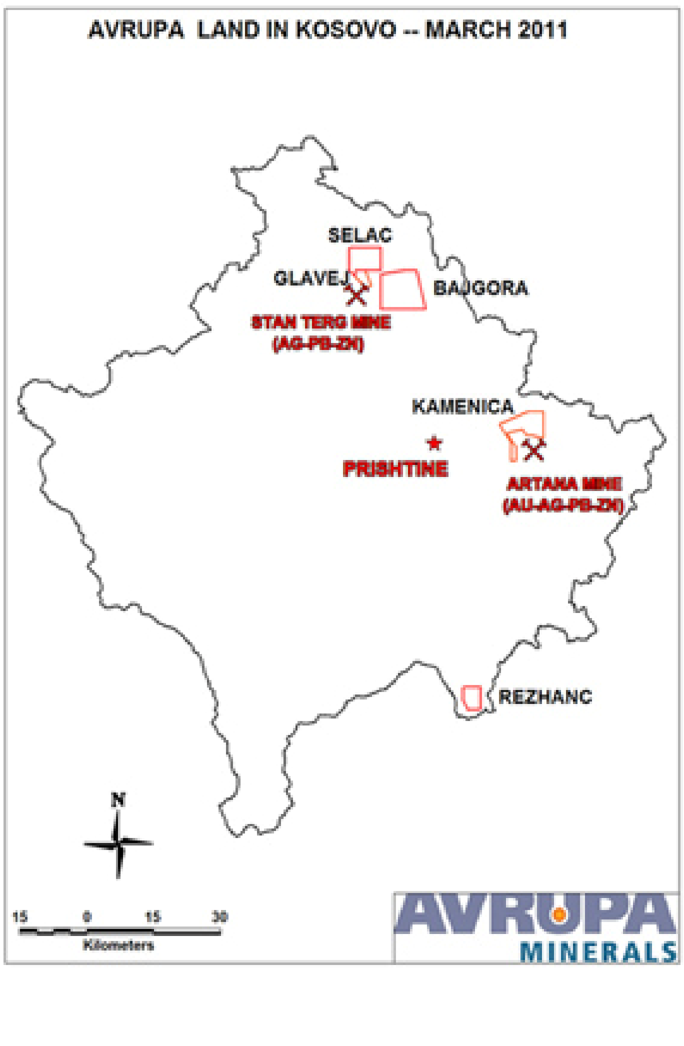
Kosovo

Since the acquisition of Innomatik, the Company has been advancing its prospects in Kosovo towards JV-ready status.

The Company's Kosovo exploration team has long-term experience with the democratically-elected Kosovo government, with the United Nations and European Union administrators of the pre-independent country, and with the metallogeny and mineral deposits of the region. The Company is currently the most active metals' exploration group in Kosovo. There has been little modern, systematic exploration performed in Kosovo to date, leaving an opportunity for successful prospect and project generation. The Company continues to upgrade its two projects at **Glavej** and **Kamenica**, and has identified two new prospective areas at **Bajgora** and **Rezhanc**. The Company also recently received another exploration license **Selac** located in the well-mineralized Vardar Mineral Trend. These five exploration licenses total to 185.5 square kilometers.

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

The Company will drill the first round of targets in the Glavej and Kamenica licenses during Q3 of 2011. The immediate goal of the scout drilling program is to test for shallow, but blind silver/lead/zinc/gold mineralization in fault-related, carbonated-hosted, massive sulfide deposits. The drilling program will consist of up to 1,000 meters in 4 to 6 holes at four separate targets. As the Company progresses in its work in Kosovo, the ultimate goal is to delineate Stan Terg or Artana-size massive sulfide deposits.



a) Glavej

The Glavej license was renewed for two years under the new 2010 Kosovo Mining Law. The size of the license was reduced by 50%, according to the law, to 8.1 km^2. The license lies close to the historic, and presently producing, Stan Terg base metal mine, which has operated intermittently for more than 1,000 years, and has reportedly produced more than 25 million metric tonnes of +10% Pb and Zn, and 80 g/t Ag. Production information was compiled during UNMIK (United Nations Mission in Kosovo) administration of Trepça Mines after the war in Kosovo. The historic production information for the Stan Terg Mine is non - NI 43-101 – compliant, though Avrupa Minerals is of the opinion that the information is accurate with respect to available production records.

The Company's team in Kosovo has generated two anomalous silver/lead/zinc targets on the license, Pogledalo and Spate. At Pogledalo, anomalous lead and zinc in soil geochemistry extends for over 800 meters of strike length and is partially coincident with ground geophysical anomalies and an outcropping gossan zone. The geochemical target area appears to be open along strike in both directions. At Spate, there is evidence of an old exploration tunnel, and locals report that massive sulfide mineralization is present in the old workings. This past fall, the Company's geologists completed detailed geological mapping and grid soil sampling at the Pogledalo target zone. Further information concerning the Pogledalo anomaly will be announced upon completion of ongoing geochemical and geological reviews and receipt of final analytical results.

The Company intends to drill up to 400 meters in 1-2 holes at Pogledalo in Q2 2011. The Company is currently selecting a European drilling contractor to complete the program. The Company is also making plans to access the Spate workings later in 2011. The object of the 2011 exploration program is to upgrade the target areas to joint venture-ready stage.

b) Kamenica

The Kamenica license was also renewed for two years under the new Mining Law. The size of the license was reduced by 50% to approximately 45 km^2. Targets in the Kamenica license are located 2 to 5 kilometers, along strike, from the historic Artana (Novo Brdo) silver/lead/zinc/gold mine. The Artana Mine, also long-lived, has reportedly produced more than 18 million tonnes of +10% Pb and Zn, 140 g/t Ag, and 1 g/t Au, over its still-continuing operation. Production information was compiled during UNMIK (United Nations Mission in Kosovo) administration of Trepça Mines after the war in Kosovo. The historic production information for the Artana Mine is non - NI 43-101 – compliant, though Avrupa Minerals is of the opinion that the information is accurate with respect to available production records.

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

The Company is planning to drill the three Kamenica targets after drilling at Pogledalo. The Company is planning for up to 600 meters of drilling in 3-4 holes. The goal of this drilling program, as at Pogledalo, is to upgrade the target areas to joint venture-ready stage.

c) Bajgora

The new Bajgora property, 76.5 km^2 in size, is also located near the Stan Terg Mine in northern Kosovo. The prospect area was originally located by identifying obvious NW-trending Vardar structures intersecting with NE-trending ring shaped volcanic centers and associated caldera migration features. From the metallogenic map of

Kosovo, the Company's geologists recognized the presence of several reported mercury prospects, and then field-checked a lone gold anomaly generated from a regional stream sediment sampling program produced by the Kosovo government. The Company plans to delineate new target zones within the license by utilizing a thorough stream sediment sampling program with geochemical and geological follow-up of new anomalies.

d) Rezhanc

The Rezhanc license is located in the so-called Macedonian porphyry belt, and covers slightly more than 19 km^2 in a favorable geological environment for occurrence of copper and base metals deposits, and potentially gold. The area was reportedly explored for copper during the Yugoslav period, but no records are available. The license area is covered by younger rocks not usually associated with copper-gold mineralization; however, sub-volcanic and possibly porphyry activity is indicated by the presence of ring-shaped fractures that may be related to updoming processes at shallow depth, as well as caldera collapse. Fracture-controlled copper oxide and copper carbonate mineralization is present at several locations, as are local zones of disseminated pyrite-chalcopyrite mineralization. The Company's plan for Rezhanc, as winter conditions disappear, will be to conduct a thorough stream sediment program across the license, followed by detailed prospecting and anomaly follow-up, as at Bajgora.

e) Selac

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

As the weather and access conditions improve in Kosovo, the Companys exploration team will cover Selac with a first-pass stream sediment sampling program, in addition to further detailed work on the Pogledalo extension. The Company expects to drill one or two scout core holes, totaling up to 400 meters, at Pogledalo towards the end of Q2. Prior to the drilling, the Company will collect approximately 100-125 stream sediment samples on the overall Selac property. Subsequent identification of significant anomalous target areas will be followed by detailed sampling and mapping of the extent and potential of the new target areas. The emphasis of the first and second pass exploration work will be to upgrade new targets to drill-ready status as quickly as possible.

With five licenses in hand, and all containing surface base metal mineralization, the Company is poised to attract JV partners in a regional-style exploration program, anchored by advanced greenfields exploration projects at Glavej and Kamenica, and by brand-new exploration prospects at Bajgora, Rezhanc and Selac. The Company is actively searching for suitable partners in both North America and Europe.

Qualified Person

Mr. Paul W. Kuhn, M.Sc., Licensed Professional Geologist, Washington, USA, acts as a Qualified Person under National Instrument 43-101. Mr. Kuhn has reviewed the technical contents of this MD& A.

Selected Financial Information

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

Summary of Quarterly Results

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

	Three months ended	Two months ended	Three months ended	
	March 31, 2011	December 31, 2010	October 31, 2010	July 31, 2010
Total Revenues	$ -	$ -	$ -	$ -
Loss before Other Items	$ 589,186	$ 403,738	$ 388,525	$ 399,009
Net Loss and Comprehensive Loss	$ 560,010	$ 330,772	$ 325,567	$ 386,758
Loss per share	$ 0.03	$ 0.02	$ 0.02	$ 0.05

	Three months ended			
	April 30, 2010	January 31, 2010	October 31, 2009	July 31, 2009
Total Revenues	$ -	$ -	$ -	$ -
Loss before Other Items	$ 14,930	$ 3,173	$ 6,631	$ 4,830
Net Loss and Comprehensive Loss	$ 14,317	$ 2,707	$ 6,157	$ 4,345
Loss per share	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Results of Operations

Three months ended March 31, 2011 and April 30, 2010

During the three months ended March 31, 2011, the Company reported a loss of $560,010 ($0.03 loss per share) (three months ended April 30, 2010 - $14,317 ($0.00 loss per share)).

Excluding the non-cash depreciation of $1,796 (three months ended April 30, 2010 - $nil), the Company's general and administrative expenses amounted to $199,894 during the three months ended March 31, 2011 (three months ended April 30, 2010 - $14,930). The significant increase in the general and administrative expenses was a result of: a) the Company completed its QT and thus, became an operating company with its own employees and consultants; and b) the Company incorporated its majority-owned subsidiaries' (MAEPA and Innomatik) operations from the date of acquisition on July 9, 2010. As a result, all costs increased compared to the three-month period ended April 30, 2010 when it was still identifying the QT.

During the three months ended March 31, 2011, the Company expensed exploration costs of $39,588 on Covas, $220,397 on Marateca, $107,188 on Alvalade and $1,107 on other projects in Portugal (three months ended April 30, 2010 - $nil). The Company also expensed exploration costs of $4,324 on Glavej, $2,527on Kemenica, $5,586 on Rezhanc, $4,690 on Bajgora and $2,089 on other projects in Kosovo (three months ended April 30, 2010 - $nil).

The Company completed an impairment analysis as at March 31, 2011 and concluded that no impairment charge was required because:

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

Cash Flows, Liquidity and Capital Resources

As at March 31, 2011, the Company's working capital was $2,410,082 (December 31, 2010 - $3,019,837). With respect to working capital, $2,508,653 was held in cash and cash equivalents (December 31, 2010 - $2,674,521). The decrease in cash and cash equivalents of $165,868 was mainly due to its operating activities of $163,997, including the $387,496 mineral exploration expenses.

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

As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. The Company has sufficient working capital at this time to meet its ongoing financial obligations.

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

Outstanding Share Data

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

1,300,000 seed shares were placed in escrow in accordance with the escrow agreement dated July 28, 2008. 10% of the escrowed common shares were released on July 13, 2010, upon the completion of the QT. As at March 31, 2011, there were 975,000 common shares of the Company held in escrow. 195,000 escrow shares will be released on July 13, 2011.

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

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

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

The continuity of warrants for the three months ended March 31, 2011 is as follows:

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

The continuity of finder's options for the three months ended March 31, 2011 is as follows:

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

If the remaining options, warrants, finder's options, including the warrants associated with the finder's options, were exercised, the Company's available cash would increase by $3,924,734.

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

Related Party Transactions

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

For the three months ended March 31, 2011

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn Chief Executive Officer, Director	$52,558	$Nil	$Nil	$Nil	$Nil	$Nil	$52,558
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

For the three months ended April 30, 2010

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Mark T. Brown, Former Chief Executive Officer, Director	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil

Related party assets / liabilities

		Three Months Ended			
	Services	March 31, 2011	April 30, 2010	As at March 31, 2011	As at December 31, 2010
Amounts due to:					
Pacific Opportunity Capital Ltd. (a)	Rent, management and accounting services	$25,250	$1,500	$10,640	$11,531
Paul W. Kuhn	Consulting	$52,558	$Nil	$11,399	$12,142
Paul L. Nelles (b)	Salaries	$22,360	$Nil	$Nil	$Nil
Michael Diehl (b)	Salaries	$28,350	$Nil	$Nil	$Nil
Mineralia (c)	Consulting	$53,200	$Nil	$Nil	$17,419
TOTAL:				$22,039	$41,092
Amounts due from:					
Nil					

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Risks and Uncertainties

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

Inherent risks within the mining industry

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

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

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

Prices for metals

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

Foreign currency risks

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

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

Risks Associated with Foreign Operations

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

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

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

Significant accounting judgments and estimates

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

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the condensed consolidated interim statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Critical judgments</u>

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent, management considered both the funds from financing activities and the currency in which goods and services are paid for. The functional currency of its majority-owned subsidiaries is the Euros and that the functional currency of its wholly-owned subsidiaries is the US dollar as management considered the currencies which mainly.influence the cost of providing goods and services in those subsidiaries. The Company chooses to report in Canadian dollar as the presentation currency.

<u>Estimates</u>

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

Financial Instruments and Other Instruments

The fair values of the Company's cash and cash equivalents, accounts receivable and accounts payables approximate their carrying values because of the short-term nature of these instruments.

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

a) Credit risk

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

b) Liquidity risk

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

As at March 31, 2011, the Company had a cash and cash equivalent balance of $2,508,653 (December 31, 2010 - $2,674,521) to settle down current liabilities of $303,895 (December 31, 2010 - $185,830).

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

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash and cash equivalents is limited because they are generally held to maturity. A 1% change in the interest rate, with other variables unchanged, would affect the Company by an annualized amount of interest equal to approximately $21,000 based on the deposits as of March 31, 2011.

d) Commodity price risk

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

e) Currency risk

The Company's property interests in Portugal and Kosovo make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. A one cent change of the Canadian dollar would affect the Company's estimated one-year exploration expenditures by $10,000 based on a $1 million program.

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

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

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

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

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

		Level 1		Level 2		Level 3		Total
Assets:								
Cash and cash equivalents	$	2,508,653	$	-	$	-	$	2,508,653
	$	2,508,653	$	-	$	-	$	2,508,653

Future accounting pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

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

Internal Controls Over Financial Reporting

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

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

Forward Looking Statements

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

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

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

- Impairment of long-lived assets;
- The Company's assumptions and estimates used in its Technical Report filed on July 5, 2010, as well as the potential resource estimates and interpretations from that Technical Report;

- The progress, potential and uncertainties of the Company's mineral properties in Portugal and Kosovo; and
- Expectations regarding the ability to raise capital and to continue its exploration and development plans on its properties.