Trading Symbol (TSX-V: AVU / FRANKFURT: 8AM)
410-325 Howe Street
Vancouver, British Columbia
Canada V6C 1Z7
Tel: (604) 687-3520
Fax: 1-888-889 4874
www.avrupaminerals.com

AVRUPA MINERALS LTD.
(An Exploration Stage Company)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Avrupa Minerals Ltd. ("Avrupa" or the "Company") and has been prepared based on information known to management as of April 30, 2019. This MD&A is intended to help the reader understand the consolidated financial statements of Avrupa.

The following information should be read in conjunction with the audited consolidated financial statements as at December 31, 2018, 2017 and 2016 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A provides a review of the performance of the company for the year ended December 31, 2018. Additional information relating to the Company can be found on SEDAR www.sedar.com.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review the consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future financial results. Consequently, certain statements contained in this MD&A constitute express or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.

The following forward looking statements have been made in this MD&A:

- Impairment of long-lived assets;
- The Company's assumptions and estimates used in its Technical Report filed on July 5, 2010, as well as the potential resource estimates and interpretations from that Technical Report;
- The progress, potential and uncertainties of the Company's mineral properties in Portugal, Kosovo and Germany; and
- Expectations regarding the ability to raise capital and to continue its exploration and development plans on its properties.

ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com, and/or on the Company's website at www.avrupaminerals.com.

SUMMARY AND OUTLOOK

Avrupa is a growth-oriented exploration and development company focused on discovering economic mineral deposits, using a hybrid prospect generator model (getting other partners to fund our properties to minimize dilution as well as funding our own exploration programs on our top projects), in politically stable and prospective regions of Europe, including Portugal, Kosovo and Germany.

Over the course of 8 years, Avrupa has brought in partners on its exploration projects that have invested over $15 million in exploration in addition to funds spent by Avrupa. That exploration has led to two discoveries – one gold deposit in Kosovo and one area of VMS mineralization in the prolific Iberian pyrite belt famous for copper-zinc deposits in southern Portugal.

While Avrupa has been focused on advancing its exploration projects with funds from partners who can earn an interest in its projects by spending exploration funds thereby reducing dilution for shareholders, the Company has recently completed its own exploration program at the Alvalade property, a 100%-owned, self-funded flagship project.

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

During the year ended December 31, 2018, the Company continued to carefully manage its cash and corporate overhead activities. Detailed Mineral Property information, including 2018 activity, can be found in Section 3.

Management's overall expectations for the Company are positive, due in part to the following factors:

410-325 Howe Street
Vancouver, British Columbia
Canada V6C 1Z7
Tel: (604) 687-3520
Fax: 1-888-889 4874
www.avrupaminerals.com

- The Company and Byrnecut International Limited ("Byrnecut") have been actively looking for a potential buyer for the joint interest in Peshter Mining J.S.C. where it holds the Slivovo gold deposit in Kosovo.
- The Company recently completed an exploration program at its flagship Alvalade property in the Iberian Pyrite Belt of southern Portugal.
- The Company completed a non-brokered private placement by issuing 6,875,000 common shares at a price of $0.08 per share for gross proceeds of $550,000 in March 2018.
- The Company closed two tranches of a non-brokered private placement by issuing 10,000,000 units at a price of $0.05 per unit for gross proceeds of $500,000 in November 2018 and 4,640,000 units at a price of $0.05 per unit for gross proceeds of $232,000 in December 2018.
- On February 25, 2019, the Company closed the final tranche of a non-brokered private placement by issuing 2,000,000 units at a price of $0.05 per unit for gross proceeds of $100,000.
- The Company is highly experienced in Europe and is negotiating additional ventures on its existing portfolio of properties.

Trading Symbol (TSX-V: AVU / FRANKFURT: 8AM)
410-325 Howe Street
Vancouver, British Columbia
Canada V6C 1Z7
Tel: (604) 687-3520
Fax: 1-888-889 4874
www.avrupaminerals.com

TABLE OF CONTENTS

1. Background 5

2. Overview 5
- 2(a) Company Mission and Focus 5
- 2(b) Qualified Person 5
- 2(c) Description of Metal Markets 5
- 2(d) Use of the terms "Mineral Resources" and "Mineral Reserves" 6
- 2(e) Historical estimates are not NI 43-101 compliant 6

3. Mineral Properties 7
- 3(a) Portugal 8
- *a) Alvito* 9
- *b) Alvalade* 15
- *c) Marateca* 28
- *d) Mertola* 28
- *e) Exploration and prospect generation (countrywide)* 28
- 3(b) Kosovo 29
- *a) Slivovo JV with Byrnecut* 30
- *b) Metovit (formerly Kamenica)* 30
- 3(c) Germany 31
- *Oelsnitz* 31

4. Risks and Uncertainties 34

5. Impairment of Long-lived Assets 35

6. Material Financial and Operations Information 36
- 6(a) Selected Annual Financial Information 36
- 6(b) Summary of Quarterly Results 36
- 6(d) Liquidity and Capital Resources 38
- 6(e) Disclosure of Outstanding Share Data 39
- 6(f) Commitment and Contingency 40
- 6(g) Off-Balance Sheet Arrangements 40
- 6(h) Transactions with Related Parties 41
- 6(i) Financial Instruments 42
- 6(j) Management of Capital Risk 44

7. Subsequent Events 44

8. Policies and Controls 44

9. Information on the Board of Directors and Management 46

1. Background

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia.

On July 13, 2010, the Company acquired (a) 90% of the issued and outstanding shares in MAEPA and (b) 92.5% of the issued and outstanding shares of Innomatik Exploration Kosovo LLC, a private Kosovo company ("Innomatik") and began trading on the TSX Venture Exchange under the symbol "AVU" as of July 14, 2010. In April 2012, the Company acquired the remaining 10% of MAEPA to own 100% interest in MAEPA from its non-controlling interest owner. On August 20, 2013, the Company acquired the remaining 7.5% of Innomatik to own 100% interest in Innomatik from its non-controlling interest owners.

The Company and its subsidiaries' principal activities are to locate, explore and develop the mineral resources properties in Europe.

In September 2012, the Company secured a listing in Europe and began trading on the Frankfurt Stock Exchange under the trading symbol "8AM".

2. Overview

2(a) Company Mission and Focus

The Company is focused on exploring and developing economic mineral projects in Europe as a "hybrid prospect generator" company. The Company plans to explore different stages exploration projects, and to acquire and option out these exploration projects, while keeping a retained interest.

2(b) Qualified Person

Mr. Paul W. Kuhn, M.Sc., a Licensed Professional Geologist and a Registered Member of The Society of Mining Engineers, is a Qualified Person, as defined by National Instrument 43-101. Mr. Kuhn has reviewed the technical contents of this MD& A.

2(c) Description of Metal Markets

Market interest for all metals such as gold and copper is volatile and the Company will monitor its resources relative to its opportunities during the coming fiscal year.

2(d) Use of the terms “Mineral Resources” and “Mineral Reserves”

Any reference in this MD&A to Mineral Resources does not mean Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

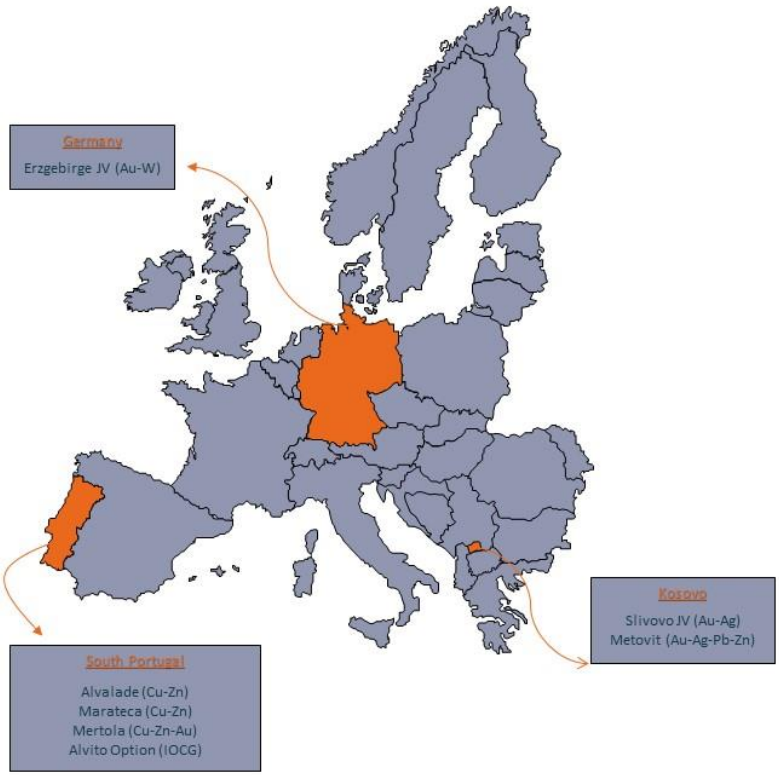
Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence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

2(e) Historical estimates are not NI 43-101 compliant

The historical estimates contained in this MD&A have not been calculated in accordance with the mineral resources or mineral reserves classifications contained in the CIM Definition Standards on Mineral Resources and Mineral Reserves, as required by National Instrument 43-101 ("NI 43-101"). Accordingly, the Company is not treating these historical estimates as current mineral resources or mineral reserves as defined in NI 43-101, and such historical estimates should not be relied upon. A qualified person has not done sufficient work to date to classify the historical estimates as current mineral resources or mineral reserves.

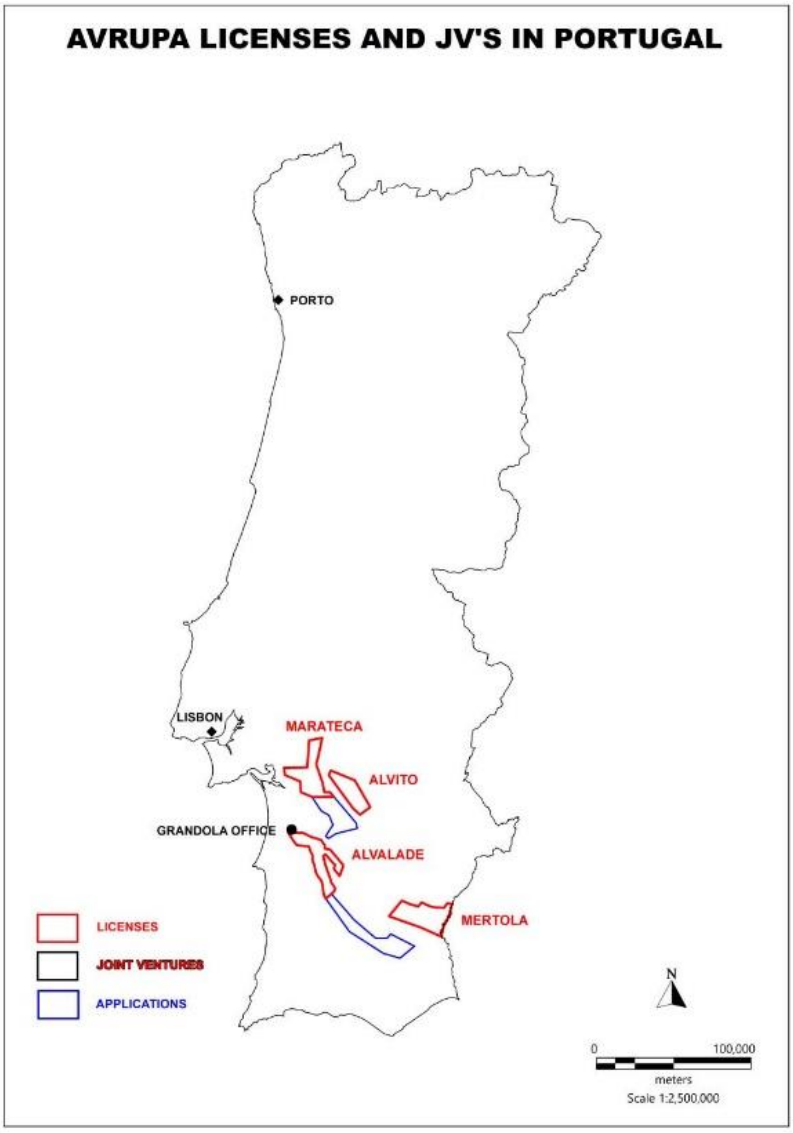
3. Mineral Properties

The following is a brief description of the Mineral Properties owned by the Company. Additional information can be obtained from the Company's website (www.avrupaminerals.com).



3(a) Portugal

The Company through its wholly-owned subsidiary MAEPA Lda., is currently focused in the Portuguese portion of the Iberian Pyrite Belt, a district with over 2,000 years of mining history from at least Roman times.



a) Alvito

The original Alvito exploration license covered 853.4 square kilometers of prospectable land straddling the northeastern margin of the Pyrite Belt, adjacent to the Marateca license (see below), and the Ossa Morena zone of southern Portugal.

On April 10, 2017, the Company announced that it had signed an earn-in option agreement with Australia-based OZ Exploration Pty. Ltd. ("OZE"), a wholly-owned subsidiary of OZM, to explore on the Alvito iron oxide, copper-gold ("IOCG") project located in southern Portugal. The agreement allows for OZE to earn up to a total 75% interest in the project by spending AUS $4,000,000 over approximately 2½ years. Avrupa and OZM signed the Option Agreement on April 5, 2017 under the following terms:

- For OZE to earn a 51% interest in year 1: *Fund AUS$1,000,000 in exploration expenditures* (amended to OZE must spend a minimum of AUS$1,000,000 on or before July 5, 2018 - spent).
- For OZE to earn a further 24% interest (total of 75% interest) by September 30, 2019: *Fund a further AUS$3,000,000 in exploration expenditures.*
- Avrupa will be the operator during the first earn-in stage with active technical support and oversight from OZE's experienced IOCG team.

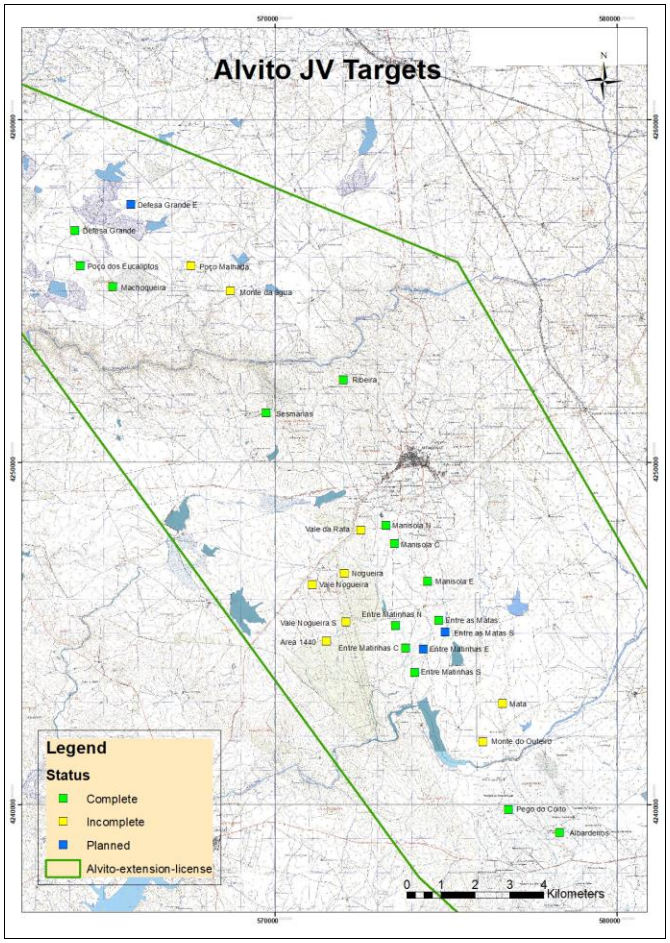
On January 22, 2018, the Company updated that ground magnetics and gravity geophysical surveys, geological mapping, rock chip sampling, and drill targeting were completed. Successful targeting suggests that there may be reason to increase the proposed amount of drilling to 2,000-2,500 meters.

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

Target Name	Target Type	Target Name	Target Type
Entre Matinhas Central	Magnetite breccia	Monte da Agua	Quartz vein/fault
Entre Matinhas North	Magnetite breccia	Monte do Outeiro (North)	Dikes and fault
Manisela South	Fault (gossan)	Monte do Outeiro (South)	Fault and gossan
Cova Das Minas	Quartz vein and fault zone	Albardeiros	Fault and dikes
Manisela North	Fault, quartz vein and gossan	Pego do Coito	Fault and dikes
Entre Matinhas South	Fault	Poço Malhada	Mafic dykes and contacts
Ribeira	Dikes and faults	Machoqueira	Contact
Manisela East	Fault, breccia and gossan	Poço dos Eucaliptos	Contact and fault
Defesa Grande	Contact and faults	Area 1440	Faults?
Mata	Contact and fault intersection; magnetite breccia and quartz vein	Vale da Rata	Contacts?
Entre As Matas (North)	Fault	Entre Matinhas East	visit necessary

Vale Nogueira	Quartz vein and fault	Entre as Matas South	visit necessary
Entre As Matas (South)	Fault	Defesa Grande East	visit necessary
Nogueira	Fault and quartz vein		

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



Map of the Alvito license with location of targets.

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

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

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

On May 3, 2018, the Company announced that the proposed drill project has been increased to 15 holes and approximately 2,100 meters at seven separate target areas. Targeting has been based on positive results from ground magnetics and gravity surveys along with coincident copper and gold geochemical anomalism.

Target Name	Target Characteristics – Magnetite IOCG	Drill holes planned	Planned hole lengths
Entre Matinhas	Magnetite breccia, boundary fault	5	100-150 m
Manisela	Fault (gossan)	1	200 m
Entre As Matas	Fault, fracture zone	2	150-175 m

Mata	Contact and fault intersection; magnetite breccia and quartz vein	1	100 m
Monte do Outeiro	Dikes and fault, gossan	2	150-175 m
Cova Das Minas	Quartz vein and fault zone	3	100-150 m
Ribeira	Dikes and faults	1	150 m

Table 1. List of target areas for the Alvito Magnetite IOCG Project, initial phase drilling program.

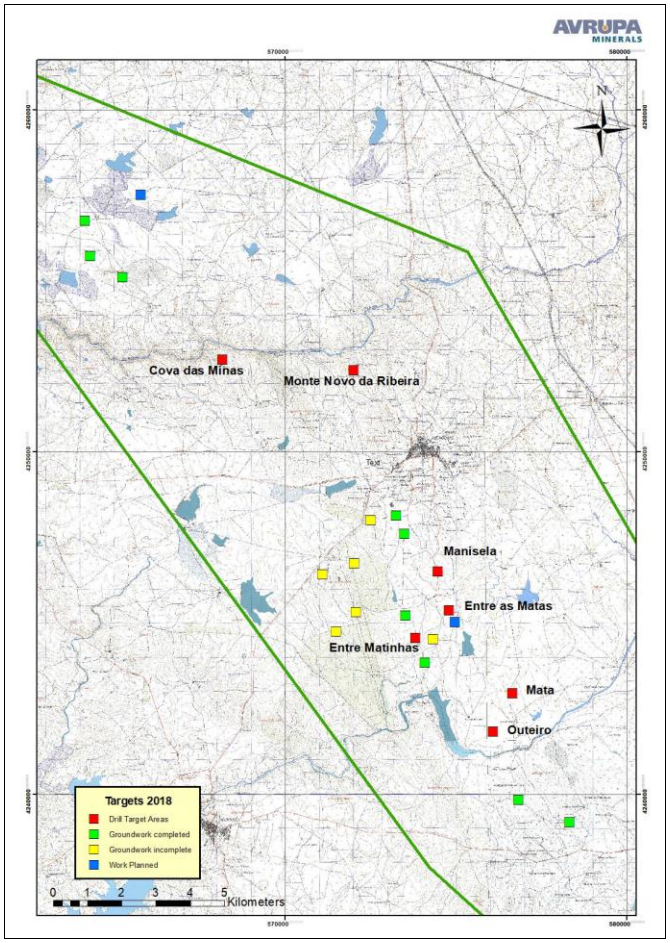


Figure 1. Map of the Alvito license with drilling target areas noted in red.

On July 3, 2018 and August 7, 2018, the Company announced that it drilled 18 holes, totaling 2,437.5 meters, in eight separate prospect areas within the Alvito license. IOCG-style mineralization is present in drill holes in at least two of the prospect areas, Entre Matinhas and Entre as Matas. Possible IOCG-style sulfide mineralization is present in drill holes at the Outeiro and Manisela prospects. Epithermal-style sulfide mineralization is present at the Mata and Cova das Minas prospects.

On September 25, 2018, the Company reported the final results at the Alvito project. Anomalous copper results from all sampling are reported in the table below. The Company sampled several holes in their entirety, but most sampling covered only areas of continuous, visible

mineralization and alteration in the drill holes. Several holes were not sampled in this phase of the program.

The best overall consistent results came from the Entre Matinhas target area where copper values in six of eight holes came in at 0.1% and greater over intervals of 1.5 meters to 86 meters. Highest grade intervals included:

- 86.3 meters @ 0.16% copper, including 9.8 meters @ 0.41% copper, in EMS001
- 21.4 meters @ 0.1% copper in EMS002
- 2.55 meters @ 0.91% copper in EMS003
- 44.65 meters @ 0.21% copper, including 7.1 meters @ 1.0% in EMS005
- 5.25 meters @ 0.31% copper in EMS006
- 4.45 meters @ 0.46% copper in EMS008

Anomalous intervals in other target areas include:

- 4.7 meters @ 0.13% copper in EAM001
- 7.8 meters @ 0.11% copper in EAM002
- 10 meters @ 0.11% copper in OUT001

Mineralization style and alteration patterns at Entre Matinhas fit into the general characteristics and parameters for IOCG deposits. This first-pass drilling program covered only a limited area at shallow depths over 300 square kilometers, yet results clearly demonstrate real, close-to-surface potential for IOCG mineralization in a well-defined, easily prospectable target area. Further IOCG-style mineralization and alteration are present in the Manisela target area, located north of Entre Matinhas, and at Entre as Matas, located northeast of Entre Matinhas (see following location map). First-pass geological mapping and ground geophysics suggest that the area to the west of Entre Matinhas and Manisela may also host IOCG possibilities in the Vale da Rata, Nogueira, Vale Nogueira, and 1440 target areas. The total area of the resulting, preferred IOCG target interest is approximately 20 square kilometers.

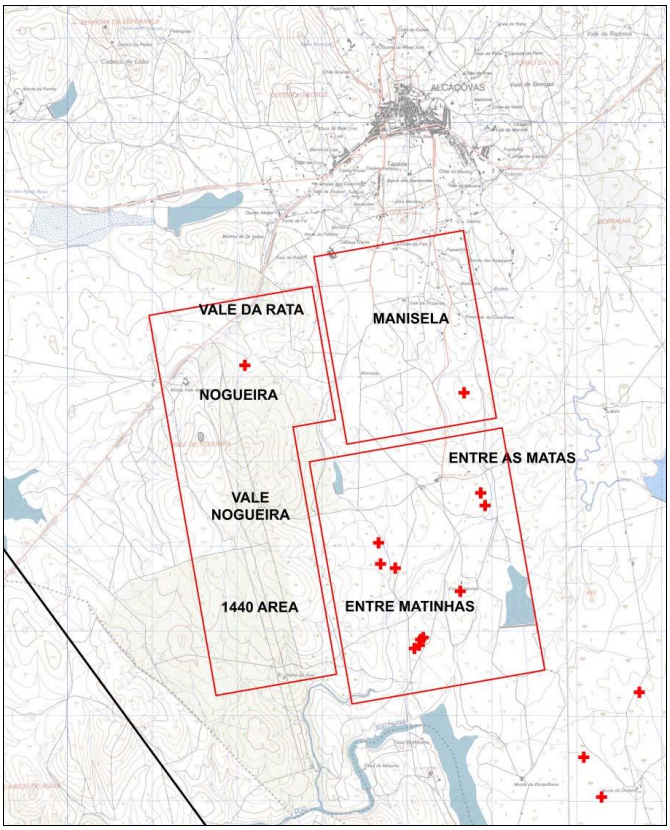


Figure 1. Map of the Alcaçovas IOCG District. Total area of interest is approximately 20 square kilometers. Most drilling completed in the first-pass project was in the Entre Matinhas target area (red location symbols).

Hole ID	Area	Intercept (m)		From (m)	To (m)	Cu (%)
EMS001	Entre Matinhas		86.3	14.15	100.45	0.16
		incl	9.8	30.65	40.45	0.41
		incl	32.55	57.75	90.3	0.24
EMS002	Entre Matinhas		4.9	11.45	16.35	0.11
		and	10.4	37.1	47.5	0.1
		and	36.8	102.1	138.9	0.08
		incl	21.4	117.5	138.9	0.1
		incl	7.1	117.5	124.6	0.11
		incl	8.1	130.8	138.9	0.15
EMS003	Entre Matinhas		32.85	10.85	43.7	0.1
		incl	2.55	17.55	20.1	0.91
Hole ID	**Area**	**Intercept (m)**		**From (m)**	**To (m)**	**Cu (%)**
EMS004	Entre Matinhas	limited sampling				
EMS005	Entre Matinhas		44.65	38.4	83.05	0.21
		incl	7.1	39.05	46.15	1.0
		incl	9.95	63.35	73.3	0.14

EMS006	Entre Matinhas		72.75	17.85	90.6	0.06
		incl	1.5	17.85	19.35	0.18
		incl	4.65	33.65	38.3	0.1
		incl	5.25	48.15	53.4	0.31
EMS007	Entre Matinhas	not sampled				
EMS008	Entre Matinhas		63.55	40.65	104.2	0.07
		incl	8.95	95.25	104.2	0.25
		incl	4.45	98.25	102.7	0.46
EAM001	Entre as Matas		13.45	41.85	55.3	0.07
		incl	4.7	41.85	46.55	0.13
EAM002	Entre as Matas		24	32	56	0.05
		incl	7.8	33.2	41	0.11
OUT001	Outeiro	limited sampling	10	109	119	0.11
OUT002	Outeiro	limited sampling				
MAN001	Manisela	limited sampling	7.9	59.55	67.45	0.05
CDM001	Cova das Minas	not sampled				
CDM002	Cova das Minas	not sampled				
MAT001	Mata	limited sampling				
MNR001	Monte Novo de Ribeiro	not sampled				
NOG001	Nogueira	not sampled				

Table 1. Significant copper results from the Alvito drilling program.

On October 10, 2018, the Company announced that the Company will retain 100% of the Alvito project, as the partner has declined to earn its potential interest in the project. The Company is now free to advance the project with further drilling next summer, or establish a new option agreement with another partner.

b) Alvalade

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

The Company first entered into a Joint Venture agreement with Antofagasta Minerals S.A. ("Antofagasta") to undertake exploration on the Alvalade project in 2011. On August 31, 2015, the Company signed an agreement with Colt Resources Inc. ("Colt") and Antofagasta, whereby Colt purchased Antofagasta's 60% interest in the Alvalade property.

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

On December 7, 2017, the Company signed an exclusivity agreement with a subsidiary of an international mining company, allowing it a right to negotiate the acquisition of an interest in the Alavade property, the Marateca property and the Mertola property for non-refundable payments of €25,000 in respect of each property for a total of €75,000. Such amount was received in December 2017 and was used to offset the expenditures incurred in fiscal 2018.

On October 11, 2018, the Company announced that it planned a 2,500 to 3,000-meter drill program to expand currently known mineralized areas and to determine the potential size of the mineralization found to date.

Recent geochemical sampling, using ultra-trace level detection methods to analyze for base metals and a suite of pathfinder elements, in the area of the original SES002 discovery hole, has demonstrated even further northwest extension potential for the SES010 massive sulphide lens. Technical understanding of the sub-surface geology also suggests a possible extension of the lens to the southeast of up to 100 meters. There is also potential for further extension of the SES002 discovery lens, which now appears to be a separate lens from the SES010 lens. It is common to have multiple massive sulphide lenses in Pyrite Belt deposits.

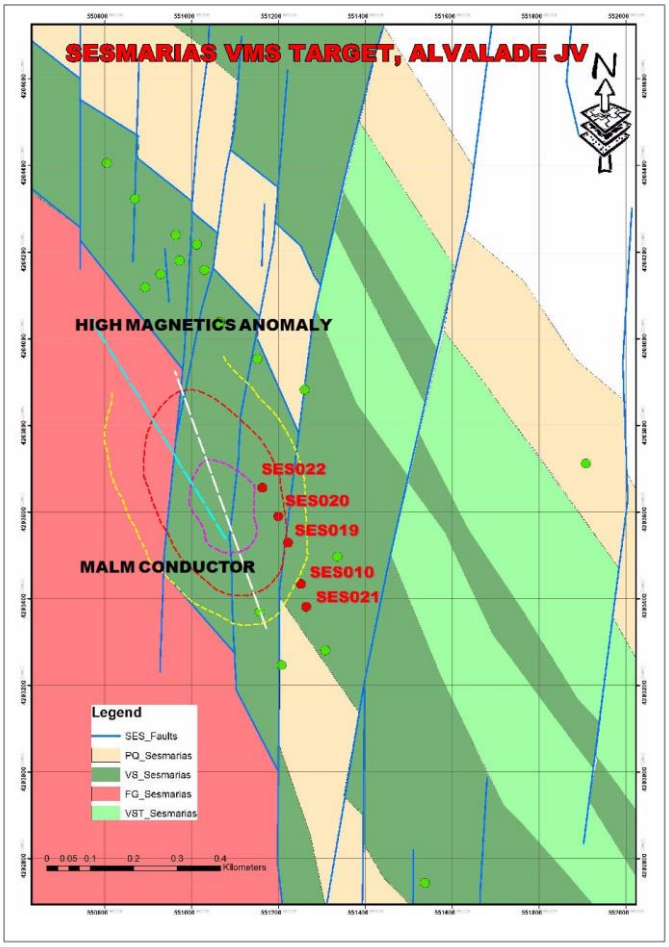


Figure 1. MALM results extend potential of SES010 massive sulfide lens.

In addition to further downdip and strike length massive sulphide targets found along the 1.8-kilometer trend of Sesmarias mineralization, there are at least four other separate, drill-ready targets in the immediate Sesmarias area, a significant target in the Pombal area located about 10 km southeast of Sesmarias, and several targets at the Monte da Bela Vista stockwork discovery located about 10 km north of Sesmarias, all on the Neves Corvo mineral trend. In the upcoming drilling program, the Company intends to drill in the areas of the SES002 and SES010 sulphide lenses and in the four other target areas noted in the following figure.

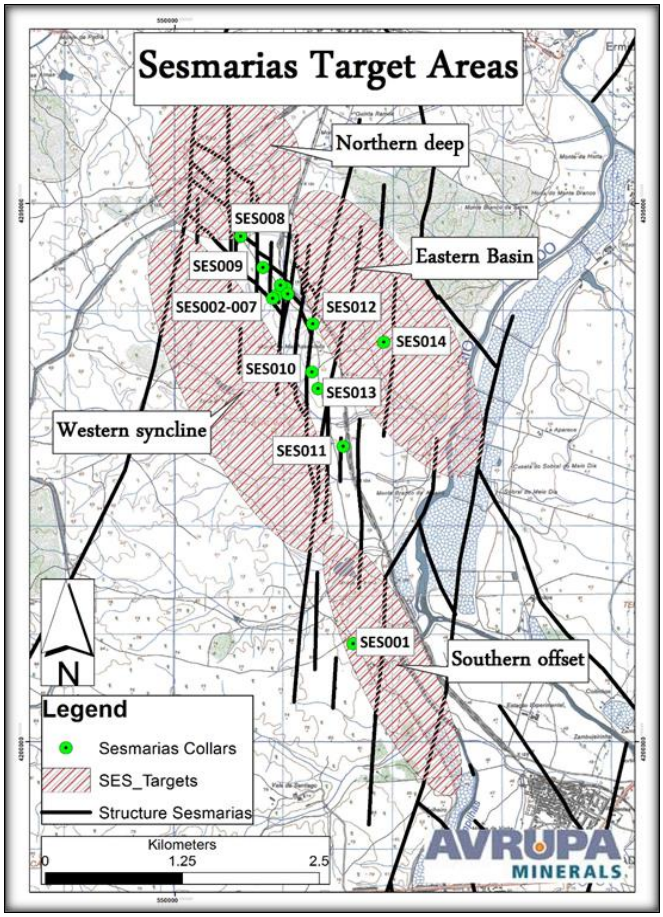


Figure 2. In addition to the 1.8 km long Sesmarias target area, there are four other target zones in the immediate vicinity of Sesmarias: Northern Deep, Eastern Basin, Western Syncline, and Southern Offset.

Furthermore, with completion of recent internal studies of the Sesmarias-Lousal-Monte da Bela Vista area, the Company anticipates the potential and possibility of creating a new mineral district that combines the positive results from the Sesmarias area, located seven kilometers south of the old Lousal Mine, to the Monte da Bela Vista stockwork mineralization, located two kilometers north of Lousal, with the Lousal Mine, itself. Review of historic Lousal Mine resource and production reports suggests that copper/zinc-bearing massive sulphide mineralization remains in the immediate area of the historic mine workings. The Company will work towards establishing a continuum and enlargement of the massive sulphide mineralization between all three target areas.

To date, 54 holes have been drilled around the license by the Company for a total of 21,121 meters. More than 10 of the holes intercepted massive sulphides with various grades of copper, zinc, and lead. At least 75% of the holes contained base metal mineralization in veins and veinlets, often in stockworks, and often containing detectable gold and silver.

On November 30, 2018, the Company announced startup of drilling at the Alvalade project. The Company would drill approximately 2,500 meters in five to seven diamond drill holes to enlarge and upgrade at least two lenses of copper- and zinc-bearing massive sulfide mineralization discovered by Avrupa during previous exploration work in the target area.

Recent, ongoing geological review of Sesmarias area core, along with subsequent interpretation and three-dimensional (3D) modeling of the data, suggests a simplified deposition history of mineralization and surrounding rock units. Using the newly developed information, the Company's geologists see continued potential in the SES002 ("2") Lens and in the SES010 ("10") Lens. The new work indicates the possibility that a third lens may be located between widely-spaced drill holes SES008 and SES009 (the "8" Lens).

The 2 Lens is characterized by higher grade mineralization, including 10.85 meters @ 1.81% Cu; 75.27 ppm Ag; 2.57% Pb; 4.38% Zn; 0.13% Sn, although at this point, the extents of the mineralized envelope are undefined. The new 3D modeling suggests that the Lens is oriented in a non-parallel direction to the 10 Lens, which may explain why previous follow-up drilling did not significantly extend the discovery area. The Company also sent massive sulfide mineralization for analysis from previously-drilled hole SES003, which intersected the 2 Lens, but was never analyzed.

The 10 Lens, as defined by previous drilling, currently measures approximately 400 meters long, 30 meters wide, and tested to a depth of nearly 200 meters. It is open to the south, north, and to depth. The new drilling targets its extension to the north and potential for increasing copper and zinc grades.

The 8 Lens has been tentatively defined by the area between, and including, two drillholes: SES008 and SES009. Located 500 meters apart, SES008 and SES009 contained narrow zones of sulfide mineralization apparently truncated (from the previous interpretation) by faulting. The SES008 intercept included 5.0 meters @ 0.64% Cu; 36.8 ppm Ag; 0.94% Pb; 1.54% Zn. The SES009 drill hole contained 4.0 meters of pyrite mineralization. The new interpretation suggests that the 8 lens is dipping to the northwest, and that SES008 and SES009 intercepted the outer edge of the mineralized lens.

Drill plans for this program include enlargement/upgrade targets on all three lenses. The recent 3D modeling has given good support for placement of drill collars that will potentially upgrade the Sesmarias prospect. Taken together with the possibilities at the historic Lousal Mine, located six kilometers north of the Sesmarias prospect, and at the Monte da Bela Vista stockwork discovery, located two kilometers further north of the Lousal Mine, the Sesmarias area has the potential to become a significant copper and zinc district in the northern part of the Portuguese Pyrite Belt.

On February 11, 2019, the Company reported on progress at the Alvalade project. The Company completed six holes totaling 2,498 meters. The program continues to be highly

successful, accomplishing goals of better technical understanding of the Sesmarias mineralizing system and significantly enlarging it.

Visual Results

The drilling program successfully tested a new exploration model and concepts, with the following important results:

- Provided a much higher degree of predictability in location of mineralization in the immediate Sesmarias Project area, as the new model was tested successfully in all six drill holes;
- Enlarged the "10" Lens from 300 meters strike length to at least 600 meters long, up to 400 meters wide, and 25 meters thick (SES026 and SES027);
- Discovered the footwall feeder zone stockwork for the "8" Lens (SES028);
- Intercepted the edge of the "2" Lens/Horizon (SES025 and SES030);
- Intercepted a stockwork-stringer sulfide zone above the "10" Lens, providing evidence for a new, fourth lens/horizon, noted for now, as the "26" Horizon (SES026);
- Showed that mineralization is open to the east up to the bounding fault;
- Showed that mineralization is open to the west up to the boundary of the Devonian-age Volcano-Sedimentary (VS) host rocks for mineralization and the overlying Tertiary-age gravels and semi-consolidated sediments.

This self-funded drilling program is the seventh phase of drilling to be completed by Avrupa Minerals on the Alvalade license. In addition to further targets in the immediate Sesmarias Project area, additional future drilling is anticipated for the Sesmarias-Lousal-Monte da Bela Vista District, as well as in other Avrupa-generated target areas with related Pyrite Belt-style massive sulfide targets and mineralization. The map below serves as a reminder to the potential for further discovery in the Pyrite Belt mineral system located along the Neves Corvo Trend of mineralization on the Alvalade license.

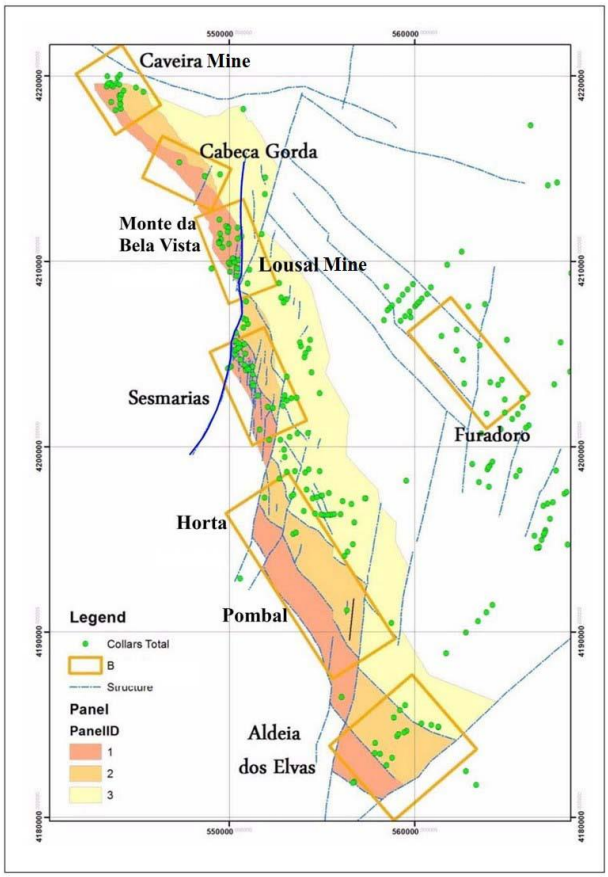


Figure 1. Exploration areas prioritized along the Neves Corvo Trend (red-orange-yellow panels) on the Alvalade license. Note that there are two former producing mines in the district, located at Lousal and Caveira. Neves Corvo is located about 75 km south and southeast along the strike of the Neves Corvo Trend.

Technical Discussion

The recent work at the Sesmarias Project established a coherent picture of multiple, stacked lenses of massive sulfide mineralization, with at least one stockwork feeder zone. Some poorly defined faults exist which allow for the possibility of deeper targets, as well as potential, significant strike extension of the Sesmarias mineralization.

The Sesmarias mineralization when combined with the existing potential of remaining massive sulfide mineralization at the nearby Lousal Mine (located less than six kilometers north of Sesmarias) and the Monte da Bela Vista stockwork mineralization (located a further two kilometers north of Lousal) makes the Sesmarias Project a key component in an evolving copper-zinc massive sulfide district on the Alvalade license.

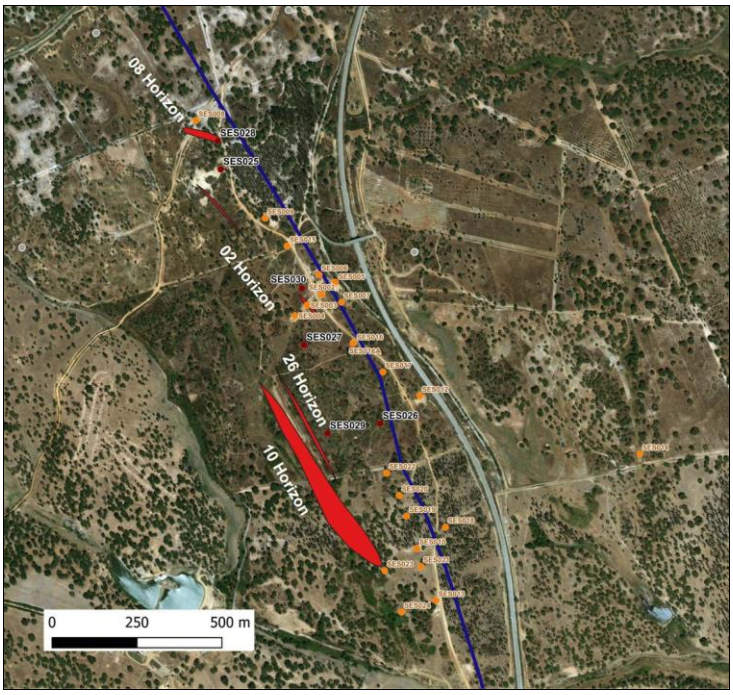


Figure 2. Plan view of Sesmarias Project drilling. AVU has drilled 30 holes into the target over a strike length of 1,500 meters. Present understanding of the Sesmarias Mineral Zone suggests potential for further massive sulfide mineralization for at least an additional 800-1,000 meters north of SES008 and possibly 200-300 meters to the south of SES021. Red shapes indicate map view location of known (to date) lenses and horizons, while the blue line represents the east side bounding fault.

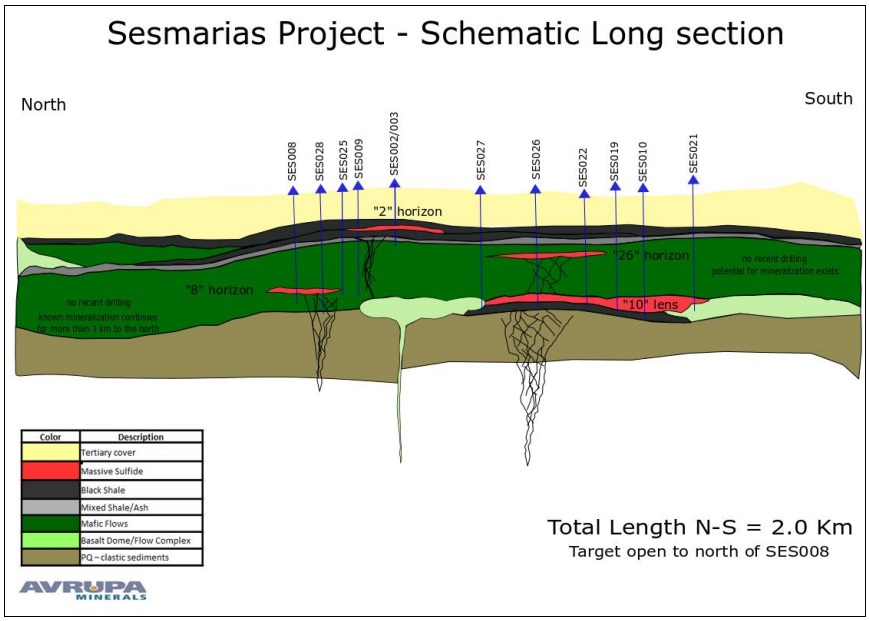


Figure 3. Schematic long section through the center axis of Sesmarias mineralization.

The success of the drilling program stemmed from “back-away” re-logging and re-interpretation of 38 Avrupa and pre-Avrupa historic drill holes in the Sesmarias Project area. The objective of the re-logging campaign was to delineate mineralized target horizons in the general stratigraphy of the Volcano-Sedimentary (VS) section of rocks that host copper-zinc massive sulfide mineralization throughout the length of the Iberian Pyrite Belt in Portugal and Spain. The re-logging campaign quickly established an increased strike length of the Sesmarias mineralized zone to at least 2.5 kilometers

The “back-away” re-interpretation of Sesmarias stratigraphy, utilizing quick logging of the historic drill holes and 3D modeling of all the new data, allowed the Avrupa team to predict the robustness of the “10” Lens, first noted in SES010, then subsequently intersected in SES019, SES021, and SES022. Present-phase drilling, SES026 intersected nearly 30 meters of visual massive sulfide mineralization. SES027, drilled 300 meters north of SES026, intersected stockwork sulfide mineralization and mafic intrusive rocks at the target depth, indicating the possible end of “10” Lens in the south sector of the Sesmarias system. For now, strike length of the “10” Lens, from SES021 to SES026 is 600 meters. Following is a 3D view of the “10” Lens.

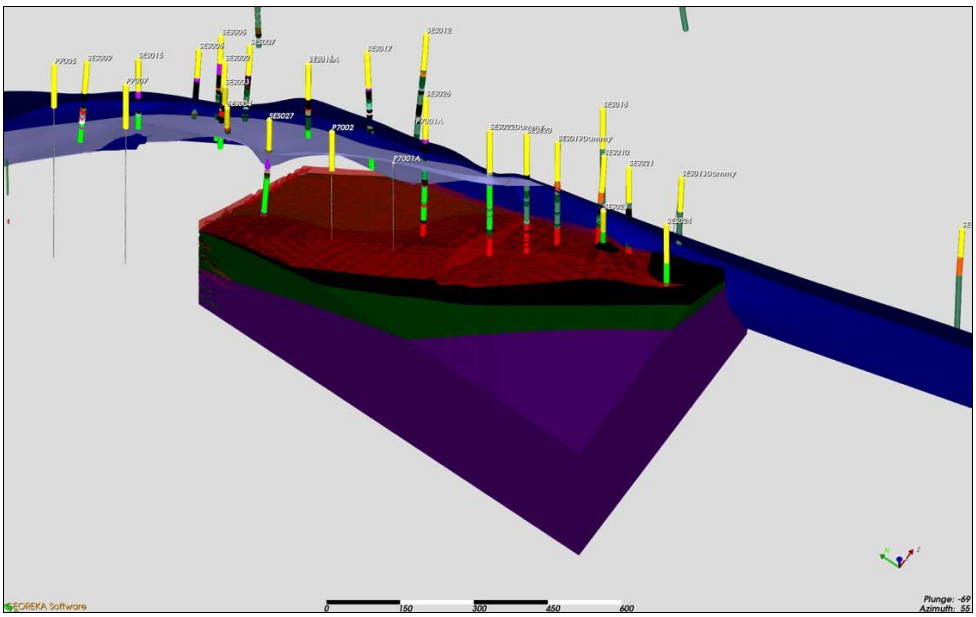


Figure 4. Three-dimensional (3D) view of the “10” Horizon (solid red unit) at Sesmarias, SES021 on the south and SES027 on the north. Previously, AVU interpreted the lens to be vertical, based on detailed, “close-up” logging of drill holes. By re-logging the rock units/layers in a “back-away” package, or rock-unit mode, the AVU geological team established a more predictable, flat-lying stratigraphy that has enhanced the potential of large-scale mineralization at Sesmarias. Re-interpretation of geological results in numerous pre-2018/19 drilling leads us to believe that some holes were collared on the wrong side of the bounding fault and under (or west of) the “10” Lens, thus missing the massive sulfide mineralization.

Furthermore, this “back-away” review of the core resulted in the determination that the overall orientation of the rock layers is far closer to horizontal than previously understood. We found evidence of at least three, possibly four, potentially mineralized horizons hosting VMS-style copper-zinc sulfide mineralization. Re-logging of 38 previous drill holes showed:

- VS stratigraphy is not vertically oriented, but relatively horizontal, dipping 30 to 45 degrees to the east and plunging to the north.
- A generally north-northwest trending, steeply-oriented fault cuts stratigraphy and mineralization on the east side of the present Project area. At this time, all known massive sulfide mineralization lies on the west side of the fault. The east side is generally un-explored (with the exception of SES014 and several pre-Avrupa drill locations), yet remains a strong potential target area for further mineralization. The location of the fault is now much better known after this campaign, though basically still un-mapped north of SES008, the northernmost Avrupa drill hole.
- Sesmarias mineralization is open to the north for a further 500 to 1,000 meters more than previously assumed. Total strike length of potential target horizons now appears to reach +2.5 kilometers, an increase from 1.8 kilometers, as previously reported.
- Review of previous drilling that did not intersect massive sulfide mineralization at the south end of the Sesmarias target indicates that the holes were placed on the wrong side of the bounding fault (and directed west, or below, of the "10" lens mineralization), which had not been well-understood during earlier drilling campaigns. Target to the south appears potentially open, but modified by faulting.

On March 11, 2019, the Company reported on drilling results at the Alvalade project. Highlights from the program include the following results:

- **SES026 intercepted 28.95 meters of 0.48% copper, 0.77 g/t gold, 15.7 ppm silver, 0.52% lead and 1.31% zinc.**
- SES026 extended the "10" Lens by 300 meters to the north from previous drilling.
- The "10" Lens is now at 600 meters x 300 meters x 25 meters.
- Mise-à-la-masse (MALM) geophysical anomalism extends another 150 meters past SES026 location.
- SES028 intercepted the edge of a significant feeder zone stockwork beneath the "8" Lens. Assays indicated anomalous gold, silver, copper, lead, and zinc throughout the entire length of the stockwork from 373.40 meters to 460.80 meters in depth, beneath the 8 Lens.
- Discovered a possible new mineralized horizon in SES026, located above the "10" Lens, and intersected it again in SES027 and SES029.
- Confirmed that the high grade "2" Lens is a fault-bounded fragment of massive sulfide mineralization with origin yet to be determined. Hole SES003, drilled previously on this target, is now also being assayed and will be reported shortly.
- Continued re-logging of historic drill holes has upgraded targets in the northern portions of the Sesmarias Prospect.
- Each hole drilled in this exploration phase of the Project has enhanced the revamping of the exploration model. Combined with strong assay results in SES026, in particular, the information will be used in the next drill targeting exercise for this large area.

SES026 intercepted 28.95 meters of massive sulfide mineralization grading 0.48% copper and 0.77 g/t gold, extending the "10" massive sulfide lens to at least 600 meters in strike length. The top seven meters of the intercept contained higher grade silver, copper, lead, and zinc, followed by a nine-meter interval of 1.09 g/t gold, as shown in the table below. The hole was collared on

a geophysical anomaly which extends a further 150 meters beyond the SES026 location. At this time, the estimated average dimensions of the 10 Lens are 600 meters long x 300 meters wide x 25 meters thick. The mineralization is open to the east boundary fault and to the west intersection of the Devonian host rocks and the Tertiary gravels. The lens appears to be cut by post-mineral dikes to the north and remains open to the south, though faulting may truncate the lens about 100 meters south of SES021.

SES026	From (m)	To (m)	Intercept (m)	Au (g/t)	Ag (ppm)	Cu (%)	Pb (%)	Zn (%)
Total lens	385.70	414.65	28.95	0.77	15.7	0.48	0.52	1.31
Base metal zone	385.70	392.70	7.00	0.52	19.0	0.66	0.57	1.44
Gold zone	392.70	401.70	9.00	1.09	13.7	0.40	.50	1.31

Table 1. Results from SES026

Mineralization in SES026 showed significantly higher gold values compared to previous drilling on the 10 Lens, as shown below, as well as slightly higher overall copper values.

Drill hole ID	From (m)	To (m)	Intercept (m)	Au (g/t)	Ag (ppm)	Cu (%)	Pb (%)	Zn (%)
SES010	228.40	286.25	57.85	0.45	25.1	0.32	0.61	1.95
SES019	263.50	315.20	51.70	0.40	17.35	0.44	0.75	2.71
including	264.15	299.05	34.90	0.38	20.67	0.40	0.99	3.46
and including	280.45	290.95	10.50	0.37	21.71	0.36	1.71	5.18
SES020	277.85	287.55	9.70	0.47	24.70	0.25	0.57	0.99
	297.70	319.95	22.25	0.53	20.54	0.55	0.59	0.66
	325.00	334.10	9.10	0.68	11.31	0.32	0.14	0.52
	337.85	356.65	18.80	0.26	6.40	0.33	0.14	0.64
SES021	262.85	277.65	14.80	0.43	9.82	0.36	0.29	0.40
SES022	323.90	376.00	52.10	0.62	17.31	0.43	0.49	0.98

Table 2. Previous drill results on the “10” Lens

The following figures demonstrate the robustness and increased size of the “10” Lens at Sesmarias. Note the open areas to the north of the known massive sulfide locations. The Sesmarias Prospect area continues for a further 1000 meters to the north of the area of the present phase of drilling.

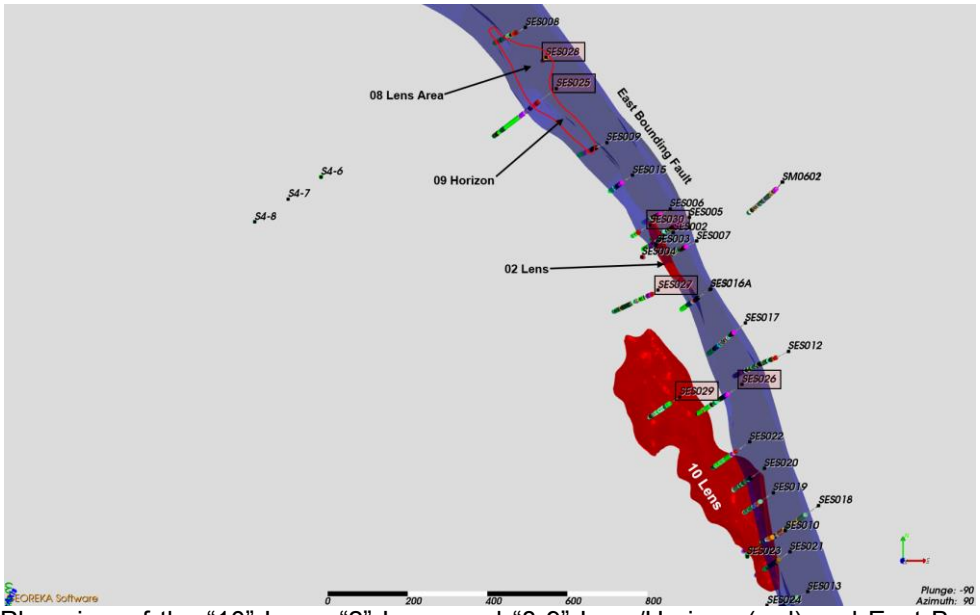


Figure 1. Plan view of the "10" Lens, "2" Lens, and "8-9" Lens/Horizon (red) and East Bounding Fault zone (transparent blue). The recently drilled holes are highlighted with a transparent box.

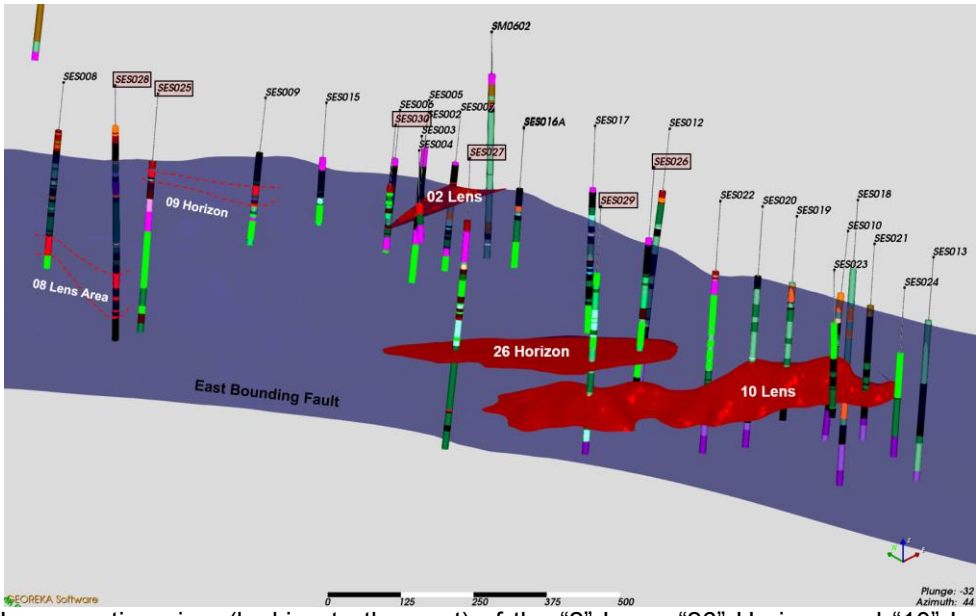


Figure 2. Long section view (looking to the east) of the "2" Lens, "26" Horizon and "10" Lens (in red). Note the large, unexplored area to the left of the 26 Horizon and the 10 Lens. The "8" Lens Area and "9" Horizon are marked with dashed red lines. The Eastern Bounding Fault is the darker blue background. The recently drilled holes are highlighted with a transparent box.

SES028 hit 87.40 meters of stockwork quartz-iron sulfide veining that marks the possible edge of a feeder zone for the, previously-discovered "8" Lens. Assays indicated anomalous gold, silver, copper, lead, and zinc throughout the entire length of the stockwork from 373.40 meters to 460.80 meters in depth, beneath the 8 Lens. Examples of variable intervals of anomalism include:

From (m)	To (m)	Total (m)	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (%)	Zn (%)
373.40	399.95	26.55				0.09	
373.40	405.65	32.25					0.3
379.20	387.60	8.40	0.26				
393.40	398.30	4.90	0.28				
444.30	460.80	16.50		8.8		0.24	0.44
447.30	460.80	13.50			0.18		

SES026, SES027, and SES029 intersected a horizon of stockwork quartz-sulfide veining located 20-40 meters above the "10" lens (see Figure 2). While mostly iron sulfides, the location of the horizon suggests potential for another possible mineral layer in the Sesmarias massive sulfide system.

On March 27, 2019, the Company provided assay results for drill hole SES003 which was drilled on the Alvalade Project in 2014, but not analyzed until now due to its general proximity and similar visible characteristics to drill hole SES002. The SES003 assays were completed now in order to be added into Avrupa's 3D model of the "2" Lens. Hole SES002 is the Sesmarias "2" Lens discovery hole, and its assay results are also shown below. SES003 added approximately 18 meters of dip length to the "2" Lens, as calculated in 2014. Results from SES003 are comparable to those from SES002, as shown in the tables below.

SULFIDE TYPE	FROM	TO	TOTAL	Cu %	Ag ppm	Pb %	Zn %	Sn %	Co %
Massive/semi-massive	132.05	145.70	13.65	1.92	38.8	1.03	1.91	0.03	0.103
	FROM	**TO**	**TOTAL**	**Cu ppm**	**Ag ppm**	**Pb ppm**	**Zn ppm**	**---**	**Co ppm**
Weak/moderate stockwork	145.70	152.50	6.80	4133	7.42	3908	11645	---	296

Table 1. Results from SES003

SULFIDE TYPE	FROM	TO	TOTAL	Cu %	Ag ppm	Pb %	Zn %	Sn %	Co %
Massive/semi-massive	151.65	162.50	10.85	1.81	75.3	2.57	4.38	0.13	0.075
	FROM	**TO**	**TOTAL**	**Cu ppm**	**Ag ppm**	**Pb ppm**	**Zn ppm**	**---**	**Co ppm**
Weak/moderate stockwork	162.50	168.50	6.00	4514	10.57	1886	4838	---	528

Table 2. Previously reported results from SES002 (February 27, 2014).

To date, Avrupa has drilled seven closely-spaced, shallow core holes in the area of SES002 and SES003 to determine possible extent of the "2" Lens. Avrupa also conducted several types of downhole and surface geophysical surveys. Intercepts of broken massive sulfide mineralization in SES005, SES006, and SES007, along with results from the geophysical work, and review of the actual core material in all of the holes suggested that mineralization comprising the "2" Lens occurred in a fault zone (now understood as the eastern boundary fault described in recent news releases of February 11, 2019 and March 11, 2019). The interpretations from the 2014 drilling program suggested that the possible extents of the "2" Lens were on the order of 100-125 meters dip x 50-75 meters strike, and 5-10 meters thickness, as demonstrated in the following cross section and map view of the mineralization.

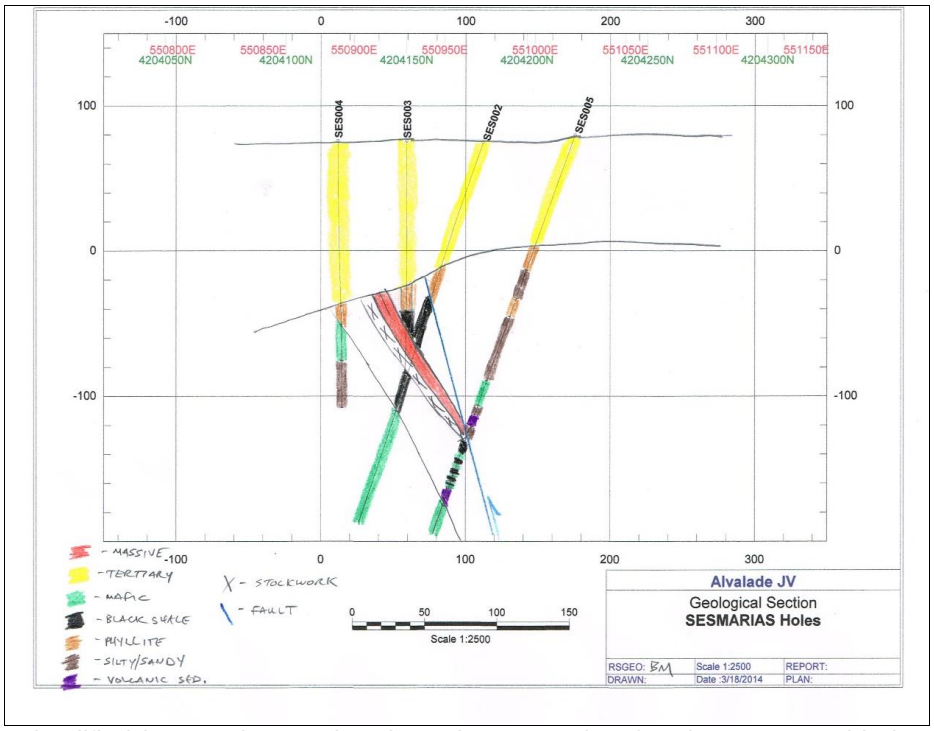


Figure 1. Simplified interpretive section through SES002/003/004/005. From this interpretation, the massive sulfide horizon strikes northwest, and dips moderately to steeply towards the northeast. Prepared by B. MacFarlane, 2014

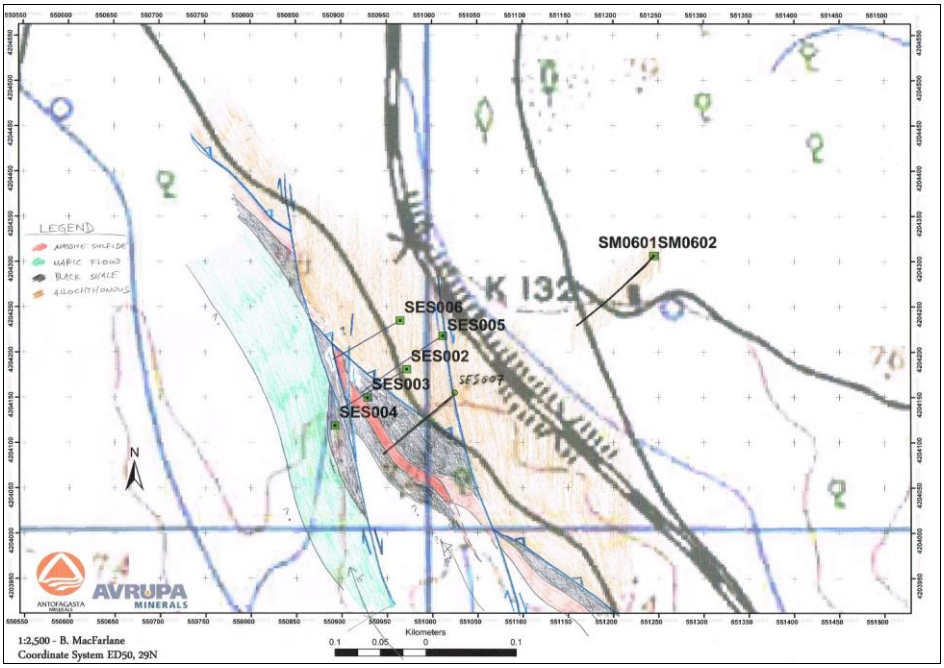


Figure 2. Interpretive geologic map above the Sesmarias fence of drillholes. This sub-Tertiary interpretation utilized drillhole data, as well as MALM and DHEM geophysics to produce the map. Prepared by B. MacFarlane, 2014

Work completed during the recent 2018 drilling program, including re-logging of the historic holes, sampling of SES003, drilling of SES030 which encountered the fault zone where sulfide mineralization was anticipated, and a full, computer-driven re-model of all data by project geologist J. Coder suggested similar, slightly enlarged parameters for the “2” Lens.

c) Marateca

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

d) Mertola

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

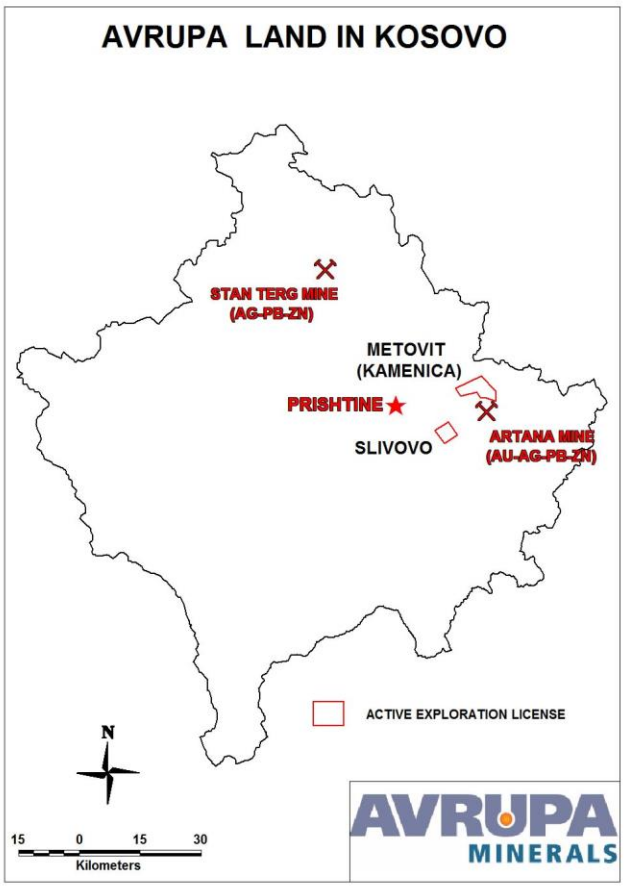
e) Exploration and prospect generation (countrywide)

The Company maintains excellent relations with both the Mining Bureau and the Geological Survey in Portugal. The Company intends to continue to generate high quality metal targets in Portugal, using innovative and aggressive exploration thinking and activities to upgrade the targets to JV-ready status. With a hybrid prospect generator business model, the Company will continue to explore its flagship project while attracting larger, mining-oriented companies to take on the projects for further, higher-risk exploration, and hopefully development into metals’ production.

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

3(b) Kosovo

The Company, through its subsidiary Innomatik Exploration Kosovo (Innomatik), has been advancing its prospects in Kosovo towards JV-ready status, and has now successfully attracted a JV partner for its Slivovo project.



The Company's senior Kosovo management has long-term experience with the democratically-elected Kosovo government, with the United Nations and European Union administrators of the pre-independent country, and with the metallogeny and mineral deposits of the region. The Company is currently the most active metals' exploration group in Kosovo. There has been little modern, systematic exploration performed in Kosovo to date, leaving an opportunity for successful prospect and project generation. The Company optioned one exploration license to a partner (**Slivovo**), while continuing to upgrade its other project at the **Metovit** exploration license to JV ready status.

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

a) Slivovo JV with Byrnecut

The Slivovo exploration license is located approximately 15 km southeast of the capital Prishtine. The Company's geologists first discovered an outcropping gossan zone, 200 meters long x 100 meters wide x 75 meters in elevation, near the village of Pester in late 2011.

On April 10, 2014, the Company signed an earn-in and shareholders agreement ("Earn-In Agreement") to option out the Slivovo property to Byrnecut. Under the Earn-In Agreement, Byrnecut has the option to earn a 51% interest in the Slivovo property by spending €1,000,000 in exploration on the project by April 10, 2015 (spent), of which €360,000 is a firm commitment and must be spent by October 10, 2014 (spent). Byrnecut can then earn a further 24% by spending an additional €1,000,000 for a total interest of 75% with total expenditures of €2,000,000, by April 10, 2016 (completed in September 2015). Byrnecut can further earn an additional 10% by completing a Preliminary Feasibility Study on the Slivovo Project for a total interest of 85% by April 10, 2017 (work completed in December 2016; study accepted in February 2017).

Upon the completion of the Slivovo Gold Project Study (the "Study") in early 2017, Byrnecut International Limited ("Byrnecut") earned into an 85% interest in the joint venture entity of Peshter Mining J.S.C. ("Peshter Mining") with Avrupa holding 15%. Avrupa decided not to participate in financing further drill program at Slivovo, allowing Byrnecut to dilute Avrupa's interest in Peshter Mining. If Avrupa's interest in Peshter Mining goes below 10%, Avrupa's interest will convert into a 2% NSR. As of December 31, 2018, Byrnecut spent over €3,883,421 in Peshter Mining, diluting the Company's interest in Peshter Mining to 10.29%.

Since the start of the Slivovo Joint Venture in 2014, Byrnecut has funded approximately €8,386,600 into exploration and pre-feasibility studies for the Project.

b) Metovit (formerly Kamenica)

The Kamenica license was renewed for two years under the new Mining Law. The size of the license was reduced by 50% to approximately 45 km^2. Targets in the Kamenica license are located 2 to 5 kilometers, along strike, from the historic Artana (Novo Brdo) silver/lead/zinc/gold mine. The Artana Mine has operated intermittently since Saxon times in the 12^{th} to 14^{th} centuries. According to recently-acquired UNMIK (United Nations Mission in Kosovo) information, in modern times the Artana Mine has produced 4-5 million metric tonnes of +10% Pb and Zn, 140 g/t Ag, and 1 g/t Au, over its still-continuing operation. Production information was compiled during UNMIK (United Nations Mission in Kosovo) administration of Trepça Mines after the war in Kosovo. The historic production information for the Artana Mine is non - NI 43-101 – compliant, though Avrupa is of the opinion that the information is accurate with respect to available production records.

On February 14, 2012, the Company announced that it completed an initial round of exploratory drilling in late 2011 on the Kamenica license. Two core holes, totaling 382.6 meters, were completed at two separate targets located about three kilometers apart. The most interesting of the two holes, at the Metovic target, intercepted multiple generations of visible Fe-Zn-Pb sulfide mineralization in pervasive disseminations and stockwork quartz veining, hosted by strongly altered, calcareous silt and sandstones over the entire 193.3-meter length of the hole. The hole

bottomed in altered quartz diorite porphyry and brecciated quartz diorite containing fragments of the porphyry. The widespread anomalous sulfide mineralization and strong alteration may indicate the presence of a possible large porphyry-style system within the Kamenica license.

The second hole, at the Grbes target, encountered pyritic gneisses from close to the surface to 120 meters depth, followed by sooty, pyritic black shales and graphitic schists to the bottom of the hole at 189.3 meters. These strongly altered rock units do not appear at the surface, and are of an older Vardar formation that has been uplifted in this portion of the exploration area. Further work is necessary to assist in targeting for a possible large mineral system.

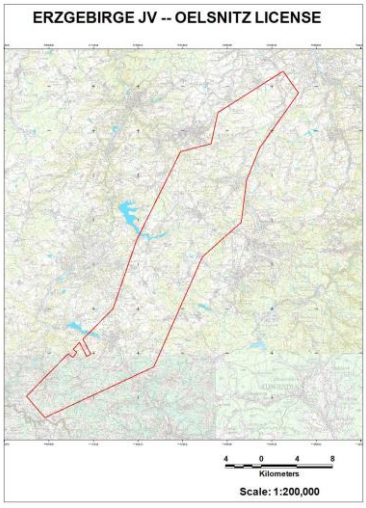
The Kamenica license has been dropped, but replaced by the fully-overlapping new Metovit application. ICMM has now approved the new license. In February 2016, Byrnecut advanced €31,871 for the Company to meet 2016 legal work commitments and further advance this property. Geological and geochemical review work on the property continued at the end of 2016 and into the first month of 2017. About 700 samples were sent to the lab, and the results have been tabulated, compiled and reviewed. Results of the sampling indicated geochemical anomalism along certain structures crossing the license. However, there were only a few indications of wide zones of potential mineralization. The possibility of further follow-up work is being discussed. The initial period of the Metovit license has expired and is in the process of 2-year renewal, as allowed by Kosovo mining law.

3(c) Germany

Oelsnitz

On January 23, 2012, the Company announced the signing of a Memorandum of Understanding ("MOU") with Beak Consultants GmbH ("Beak") to explore for gold deposits in the Erzgebirge mining district near Oelsnitz in the Free State of Saxony in eastern Germany. The Company must spend €140,000 for exploration purpose to gain 85% of Oelsnitz Exploration License, which was issued to Beak on January 12, 2012. The license covers 307.2 square kilometers and has been issued for gold, silver, tin, tungsten, molybdenum, copper, lead, zinc, tellurium, barite and fluorite. The license is valid until March 31, 2016, and renewable upon proof of continued exploration activities. There is no royalty attached to the license. Renewal until March 31, 2019 has been approved.

The Company earned into 85% of the project (as of December 31, 2018 - $252,083 (€192,576)), and the two companies are setting up a joint venture to further explore for gold on the property. The goal of the Company is to explore for and find gold targets related to the emplacement of large granitic intrusions. Previous work has not, at all, been dedicated to gold exploration in this region, and the Company is probably the first group to do so. The first-pass work completed at the end of 2012 indicated several areas of gold and tin anomalism that need further follow-up. Follow-up of gold and tin anomalism in a number of target areas is now currently underway and the Company is continuing to look for joint venture partnerships at the present time.


ERZGEBIRGE JV -- OELSNITZ LICENSE
4 0 4 8
Kilometers
Scale: 1:200,000

The Company's exploration expenses for the year ended December 31, 2018 and the cumulative exploration expenses since acquisition of MAEPA and Innomatik are:

	Portugal				Kosovo		Germany	Others	
	Alvito	Alvalade	Covas	Others	Slivovo	Others			Total
Exploration and evaluation assets									
Acquisition costs									
As of January 1, 2018	$ -	$ 167,920	$ -	$ 1,096,840	$ 143,155	$ -	$ -	$ -	$ 1,407,915
Addition during the period	-	-	-	-	-	-	-	-	-
As of December 31, 2018	$ -	$ 167,920	$ -	$ 1,096,840	$ 143,155	$ -	$ -	$ -	$ 1,407,915
Mineral exploration expenses for the year ended December 31, 2018									
Concession fees and taxes	$ 30,425	$ 46,595	$ -	$ 861	$ -	$ 1,622	$ -	$ -	$ 79,503
Depreciation	-	10,058	-	13,738	-	-	-	-	23,796
Drilling	472,513	485,935	-	-	-	-	-	-	958,448
Geological salaries and consulting	459,193	182,622	4,930	113,737	-	70,432	-	-	830,914
Geology work	-	-	-	-	-	-	-	15,592	15,592
Insurance	1,240	1,811	-	2,279	-	-	-	-	5,330
Legal and accounting	-	226	-	239	-	215	-	-	680
Office and administrative fees	5,400	35,292	839	22,755	-	1,676	-	4,313	70,275
Rent	66,513	62,112	3,107	51,433	-	14,125	-	138	197,428
Site costs	25,777	17,587	550	16,419	-	697	-	-	61,030
Travel	18,418	5,981	3,472	3,823	-	1,041	-	555	33,290
Reimbursements from optionee	(1,079,479)	(32,371)	(12,898)	(64,904)	-	-	-	-	(1,189,652)
	$ -	$ 815,848	$ -	$ 160,380	$ -	$ 89,808	$ -	$ 20,598	$ 1,086,634
Cumulative mineral exploration expenses since acquisition									
Assaying	$ -	$ -	$ -	$ -	$ 297,975	$ 65,936	$ 10,846	$ -	$ 374,757
Concession fees and taxes	132,478	311,861	197,339	348,359	9,998	203,411	4	-	1,203,450
Depreciation	5,515	10,058	-	89,331	-	-	-	-	104,904
Drilling	472,513	485,935	-	-	1,180,217	-	-	-	2,138,665
Geological salaries and consulting	1,565,418	6,387,427	2,094,650	2,589,743	119,801	678,023	12,359	-	13,447,421
Geology work	-	-	-	32,377	891,582	402,515	223,619	140,906	1,690,999
Insurance	5,561	20,418	10,550	32,694	14,604	14,790	-	-	98,617
Legal and accounting	158	522	130	937	58,158	13,715	-	-	73,620
Office and administrative fees	37,320	235,465	26,160	207,454	80,149	100,368	5,255	63,191	755,362
Rent	179,602	492,391	52,175	343,609	28,694	81,364	-	20,560	1,198,395
Report	-	-	-	-	24,232	-	-	-	24,232
Site costs	70,295	178,714	58,205	113,990	185,074	194,297	-	8,865	809,440
Travel	75,516	231,701	60,210	111,419	60,107	22,414	-	15,326	576,693
Trenching and road work	-	-	-	-	34,339	-	-	-	34,339
Reimbursements from optionee	(2,149,344)	(7,402,160)	(2,433,097)	(308,385)	(2,834,986)	(45,158)	-	-	(15,173,130)
	$ 395,032	$ 952,332	$ 66,322	$ 3,561,528	$ 149,944	$ 1,731,675	$ 252,083	$ 248,848	$ 7,357,764

4. Risks and Uncertainties

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

Inherent risks within the mining industry

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

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

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

Prices for metals

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

Foreign currency risks

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

The Company raises the majority of its equity financings in Canadian dollars while foreign operations are predominately conducted in Euros and US dollars. Fluctuations in the exchange

rates between the Canadian dollar, Euros and US dollar may impact the Company's financial condition.

Risks Associated with Foreign Operations

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

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

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

5. Impairment of Long-lived Assets

The Company completed an impairment analysis as at December 31, 2018 and concluded that no impairment charge was required because:

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

6. Material Financial and Operations Information

6(a) Selected Annual Financial Information

Selected Annual Information

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Total revenues	$ -	$ -	$ -
General and administrative expenses	755,446	863,695	1,083,313
Loss for the year	1,885,332	1,906,297	1,872,121
Loss per share	(0.02)	(0.02)	(0.03)
Total assets	1,937,958	2,130,105	2,481,925
Total long-term financial liabilities	18,096	24,058	-
Cash dividends declared – per share	N/A	N/A	N/A

6(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Total Revenues	$ -	$ -	$ -	$ -
Loss before other items	$ 938,981	$ 234,392	$ 317,593	$ 351,114
Net loss	$ 984,534	$ 234,374	$ 315,058	$ 351,366
Loss per share	$ 0.01	$ 0.00	$ 0.00	$ 0.00

	Three months ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Total Revenues	$ -	$ -	$ -	$ -
Loss before other Items	$ 442,342	$ 425,075	$ 492,866	$ 466,030
Net Loss	$ 510,544	$ 436,948	$ 491,829	$ 466,976
Loss per share	$ 0.01	$ 0.01	$ 0.01	$ 0.01

6(c) Review of Operations and Financial Results

For three months ended December 31, 2018 and three months ended December 31, 2017

During the three months ended December 31, 2018, the Company reported a loss of $984,534 ($0.01 loss per share) (2017 – $510,544 ($0.01 loss per share)).

Excluding the non-cash depreciation of $Nil (2017 – $378), the Company's general and administrative expenses amounted to $203,434 during the three months ended December 31, 2018 (2017 – $187,477), a slight increase of $15,957 as a result of the increase in consulting of $25,627 (2017 - $18,138), professional fees of $77,381 (2017 - $65,656) and office and administrative fees of $20,959 (2017 - $14,833), while being offset by a decrease in travel of $11,185 (2017 - $23,075). The Company has been conserving cash. The Company incurred a write-down of property deposits of $49,962 (2017 - $Nil) and a write-down of exploration and evaluation assets of $Nil (2017 - $71,289).

During the three months ended December 31, 2018, the Company expensed exploration costs totaling $828,561 including $91,172 on Alvito, $679,333 on Alvalade, $1,843 on Covas, $27,320 on other projects in Portugal and $28,893 on other projects in Kosovo. During the three months ended December 31, 2017, the Company expensed exploration costs totaling $547,510 including $82,312 on Covas, $55,857 on Alvalade, $195,096 on Alvito, $82,415 on other projects in Portugal, $118,134 on other projects in Kosovo, and $13,696 on others.

For the year ended December 31, 2018 and years ended December 31, 2017 and 2016

During the year ended December 31, 2018, the Company reported a loss of $1,885,332 ($0.02 loss per share) (2017 – $1,906,297 ($0.02 loss per share); 2016 - $1,872,121 ($0.03 loss per share)).

Excluding the non-cash depreciation of $Nil (2017 - $2,589; 2016 - $5,176) and share-based payment of $141,124 (2017 – $110,564; 2016 – $270,698), the Company's general and administrative expenses amounted to $614,322 during the year ended December 31, 2018 (2017 - $750,542; 2016 - $807,439), a decrease of $136,220 from the year ended December 31, 2017 as a result of the decrease in investor relations (from 2017's $292,430 to 2018's $132,189). The Company incurred a write-down of property deposits of $49,962 (2017 - $Nil; 2016 - $Nil) and a write-down of exploration and evaluation assets of $Nil (2017 - $71,289; 2016 - $Nil).

During the year ended December 31, 2018, the Company expensed exploration costs totaling $2,276,286 including $1,079,479 on Alvito, $848,219 on Alvalade, $12,898 on Covas, $225,284 on other projects in Portugal, $89,808 on other projects in Kosovo, and $20,598 on others. During the year ended December 31, 2017, the Company expensed exploration costs totaling $1,742,813 including $109,482 on Covas, $222,672 on Alvalade, $655,098 on Alvito, $418,276 on other projects in Portugal, $235,563 on other projects in Kosovo, $29,621 on its project in Germany, and $72,101 on others. During the year ended December 31, 2016, the Company expensed exploration costs totaling $1,157,878 including $67,182 on Covas, $515,036 on Alvalade, $132,011 on Alvito, $396,588 on other projects in Portugal, a negative amount of

$54,734 on Slivovo (due to adjustments to amounts recorded in previous year), $32,718 on other projects in Kosovo, and $69,077 on others.

6(d) Liquidity and Capital Resources

As at December 31, 2018, the Company had a deficit working capital was $448,109 (December 31, 2017 – working capital of $27,102). With respect to working capital, $106,288 was held in cash (December 31, 2017 - $182,794) and $Nil was held in restricted cash (December 31, 2017 - $167,910). The decrease in cash was mainly due to the general administrative expenses and exploration work expense totaling $1,499,073 while being offset by net proceeds from issuance of common shares of $1,261,467.

On March 26, 2018, the Company completed a non-brokered private placement by issuing 6,875,000 units at a price of $0.08 per unit for gross proceeds of $550,000. Each Unit consists of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share for a 2 year period at a price of $0.12.

On November 9, 2018, the Company closed the first tranche of a non-brokered private placement by issuing 10,000,000 units at a price of $0.05 per unit for gross proceeds of $500,000 and on December 17, 2018 closed the second tranche of $232,000 by issuing 4,640,000 units at a price of $0.05 per unit. Each Unit consists of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.10. If however the closing price of the Company's share are $0.20 or greater for a period of 20 consecutive trading days, the warrants will expire on the earlier of the 30th day after such notice is given and the original expiry date.

During the year ended December 31, 2018, the Company granted a total of 1,840,000 stock options at an exercise price of $0.10 per share for a period of five years to its directors, officers, employees and consultants.

On January 7, 2019, Company granted a total of 183,000 stock options at an exercise price of $0.05 per share for a period of five years to a director and its consultants.

On February 25, 2019, the Company completed the third tranche of a non-brokered private placement by issuing 2,000,000 units at a price of $0.05 per unit for gross proceeds of $100,000. Each Unit consists of one common share and one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share for a 3 year period at a price of $0.10. If however the closing price of the Company's share are $0.20 or greater for a period of 20 consecutive trading days, the warrants will expire on the earlier of the 30th day after such notice is given and the original expiry date.

As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans other than $134,272 (€86,000) cash pledge for its exploration licenses in Portugal and is not subject to any debt covenants.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from warrants, finders' warrants and options, along with the planned developments within the Company as well as with

its JV partners will allow its efforts to continue throughout 2019. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

6(e) Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at December 31, 2018, the Company's share capital was $9,582,406 (December 31, 2018 - $8,786,896) representing 108,433,797 common shares (December 31, 2017 – 86,918,797 common shares).

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

Expiry date	Exercise price	December 31, 2017	Granted	Exercised	Expired/ cancelled	December 31, 2018
October 16, 2018	$0.10	1,145,000	-	-	(1,145,000)	-
March 3, 2019 *	$0.165	200,000	-	-	-	200,000
July 15, 2020	$0.10	2,015,000	-	-	-	2,015,000
September 26, 2021	$0.18	1,575,000	-	-	-	1,575,000
April 26, 2022	$0.10	1,310,000	-	-	-	1,310,000
March 14, 2023	$0.10	-	1,800,000	-	-	1,800,000
March 26, 2023	$0.10	-	40,000	-	-	40,000
Options outstanding		6,245,000	1,840,000	-	(1,145,000)	6,940,000
Options exercisable		6,245,000	1,840,000	-	(1,145,000)	6,940,000
Weighted average exercise price		$0.12	$0.10	$Nil	$0.10	$0.12

* Subsequently expired unexercised.

The continuity of warrants for the year ended December 31, 2018 is as follows:

Expiry date	Exercise price	December 31, 2017	Issued	Exercised	Expired	December 31, 2018
July 14, 2018	$0.15	10,920,000	-	-	(10,920,000)	-
July 4, 2019	$0.15	13,547,000	-	-	-	13,547,000
July 12, 2020	$0.15	10,170,000	-	-	-	10,170,000
March 26, 2020	$0.12	-	6,875,000	-	-	6,875,000
November 9, 2021 (1)	$0.10	-	10,000,000	-	-	10,000,000
December 17, 2021 (1)	$0.10	-	4,640,000	-	-	4,640,000
Outstanding		34,637,000	21,515,000	-	(10,920,000)	45,232,000
Weighted average exercise price		$0.15	$0.11	$Nil	$0.15	$0.13

(1) These warrants have a forced exercise price. If the closing price of the Company's share is $0.20 or greater for a period of 20 consecutive trading days, the warrants will expire on the earlier of the 30th day after such notice is given and the original expiry date.

The continuity of finder's options for the year ended December 31, 2018 is as follows:

Expiry date	Exercise price	December 31, 2017	Issued	Exercised	Expired	December 31, 2018
July 14, 2018	$0.10	99,000	-	-	(99,000)	-
July 4, 2019[(1)]	$0.10	411,250	-	-	-	411,250
Outstanding		510,250	-	-	(99,000)	411,250
Weighted average exercise price		$0.10	$Nil	$Nil	$0.10	$0.10

(1) The finder's options are exercisable into units, with each unit consisting of one common share and one warrant exercisable until July 4, 2019 at $0.15.

If the remaining options, warrants, finder's options, including the warrants associated with the finder's options, were exercised, the Company's available cash would increase by $6,958,513.

As of the date of this MD&A, there were 110,433,797 common shares issued and outstanding and 165,411,297 common shares outstanding on a diluted basis.

6(f) Commitment and Contingency

As of December 31, 2018, the Company had a total of $134,272 (€86,000) (2017: $177,613 (€118,000) of cash pledged for its exploration licenses in Portugal. The advances to the Portuguese regulatory authorities are refundable to the Company, subject to completion of the work obligations described in the exploration license applications.

During the year ended December 31, 2018, the Company determined that the required work obligations for the Covas, Marateca, Mertola and two minor properties either had not, or would not, be completed. Accordingly, $167,059 (€107,000) in cash pledged for these exploration licenses was written off. In addition, the property deposit of $117,097 (€75,000) pledged by the former optionee of the Alvalade property was assigned to the Company. As a result of these transactions, property deposits were written down by a net amount of $49,962 (€32,000).

6(g) Off-Balance Sheet Arrangements

None.

6(h) Transactions with Related Parties

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

For the year ended December 31, 2018

	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	$253,968	$Nil	$Nil	$Nil	$61,430	$11,505	$326,903
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$9,588	$9,588

For the year ended December 31, 2017

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn Chief Executive Officer, Director	$265,828	$Nil	$Nil	$Nil	$53,262	$16,880	$335,970
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$12,660	$12,660

For the year ended December 31, 2016

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn Chief Executive Officer, Director	$265,571	$Nil	$Nil	$Nil	$67,972	$16,270	$349,813
Winnie Wong, Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$16,270	$16,270

Related party assets / liabilities

		Years ended				
	Services	December 31, 2018	December 31, 2017	December 31, 2016	As at December 31, 2018	As at December 31, 2017
Amounts due to:						
Pacific Opportunity Capital Ltd. [(a)]	Rent, management and accounting services	$ 228,455	$ 218,690	$ 236,975	$ 62,754	$ 21,134
Paul W. Kuhn	Consulting and housing allowance and share-based payment	$ 326,903	$ 335,970	$ 349,813	$ 33,523	$ 16,776
Paul L. Nelles [(b)]	Salaries and share-based payment	$ 27,620	$ 23,320	$ 35,387	$ Nil	$ Nil
Mineralia [(c)]	Consulting	$ 157,536	$ 198,089	$ 239,882	$ 34,375	$ 17,496
B&B Renting and Consulting Lda. [(d)]	Rent	$ Nil	$ 42,026	$ 26,293	$ Nil	$ 4,117
Adriano Barros [(c)]	Share-based payment	$ 5,369	$ 16,880	$ 11,389	$ Nil	$ Nil
TOTAL:		$ 745,883	$ 834,975	$ 899,739	$ 130,652	$ 59,523

(a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.
(b) Paul L. Nelles is a director of Innomatik.
(c) Mineralia, a private company partially owned by the general manager of MAEPA.
(d) B&B Renting and Consulting Lda., a private company partially owned by Adriano Barros, the general manager of MAEPA.

6(i) Financial Instruments

The fair values of the Company's cash, restricted cash, other receivables, due from optionees, property deposits, funds held for optionees, accounts payables and accrued liabilities, accounts payable owed by optionees, due to related parties and loans and other borrowings 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 and property deposits are held by Portuguese regulatory authorities. The Company's receivable consists primarily of goods and services tax due from the federal government of Canada and the value-added taxes in Portugal and Kosovo.

(b) Liquidity risk

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

As at December 31, 2018, the Company had cash of $106,288 (December 31, 2017 - $182,794), VAT receivables of $22,308 (December 31, 2017 - $36,666) and other receivables of $123,837 (December 31, 2017 - $30,559) to settle current liabilities, net of funds held for optionees and accounts payable owed by optionees, of $766,550 (December 31, 2017 - $204,761).

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

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(d) Equity market price risk

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

(e) Currency risk

The Company's property interests in Portugal and Kosovo make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. The Company has net monetary liabilities of $439,300 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 $21,000.

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, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 106,288	$ -	$ -	$ 106,288
Restricted cash	-	-	-	-
	$ 106,288	$ -	$ -	$ 106,288

As at December 31, 2018, the carrying value of financial assets classified as subsequently measured at amortized cost totalled $319,399 (December 31, 2017 - $587,433).

6(j) Management of Capital Risk

The Company manages its cash and cash equivalents, common shares, warrants, finder's options and share purchase options as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its exploration and operations in the near term.

7. Subsequent Events

None other than disclosed already in other sections.

8. Policies and Controls

8(a) Significant Accounting Policies and Estimates

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

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

Critical judgments

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent, management considered both the funds from financing activities and the currency in which goods and services are paid for. The functional currency of its wholly-owned subsidiaries in Europe is the Euros and that the functional currency of its wholly-owned subsidiaries in Barbados is the US dollar as management considered the currencies which mainly influence the cost of providing goods and services in those subsidiaries. The Company chooses to report in Canadian dollar as the presentation currency; and
- The assessment of indications of impairment of each mineral property and related determination of the net realized value and write-down of those properties where applicable; and
- The determination that the Company will continue as a going concern for the next year.

8(b) Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2018 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issue but are not yet effective:

- IFRS 16 Leases (effective January 1, 2019)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

8(c) Changes in Internal Controls over Financial Reporting ("ICFR")

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

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

9. Information on the Board of Directors and Management

Directors:
Mark T. Brown, B.Comm, CPA, CA
Paul Kuhn, M.Sc., P. Geo, SME Registered Member, QP
Paul Dircksen, M.S.
Ross Stringer, CPA, CA
Dr. Paul Nelles
Frank Högel

Audit Committee members:
Mark T. Brown (Chair), Paul Dircksen and Ross Stringer

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