AVRUPA MINERALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2019, 2018 AND 2017

AVRUPA MINERALS LTD.

Contents

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Avrupa Minerals Ltd.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Avrupa Minerals Ltd. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018 and the consolidated statements of comprehensive loss, changes in shareholders' (deficiency) / equity and cash flows for each of the years in the three year period ended December 31, 2019, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018 and its financial performance and its cash flows for each of the years in the three year period ended December 31, 2019, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that there are material uncertainties that cast significant doubt about the going concern assumption. The Company has no current source of revenue, has incurred losses from inception and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement, whether due to fraud or error. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
May 12 2020

We have served as the Company's auditor since 2008.

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

	Note		2019		2018
Assets					
Current assets					
Cash		$	58,343	$	106,288
Prepaid expenses and advances			31,334		66,008
Due from optionees	5		31,622		43,223
VAT receivables			17,042		22,308
Other receivables			29,096		35,636
			167,437		273,463
Non-current assets					
Property deposits	6		17,500		134,272
Tax deposits	6		41,201		88,201
Exploration and evaluation assets	5		167,921		1,407,915
Equipment	4		17,630		34,107
			244,252		1,664,495
Total assets		$	411,689	$	1,937,958
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities			524,028		628,867
Accounts payable owed by optionees			31,622		43,223
Due to related parties	8		568,597		130,652
Current portion of long-term loan	9		6,963		7,031
			1,131,210		809,773
Non-current liabilities					
Long-term loan	9		9,939		18,096
			9,939		18,096
Shareholders' (deficiency) / equity					
Share capital	7		9,733,139		9,582,406
Reserves	7		6,782,381		6,675,064
Deficit			(17,244,980)		(15,147,381)
			(729,460)		1,110,089
Total shareholders' (deficiency)/equity and liabilities		$	411,689	$	1,937,958

These consolidated financial statements are authorized for issue by the Board of Directors on May 12 2020. They are signed on the Company's behalf by:

/s/Paul W. Kuhn	/s/Mark T. Brown
Director	Director

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

	Note	2019	2018	2017
Mineral exploration expenses				
Mineral exploration expenses	5	$ 566,427	$ 2,276,286	$ 1,742,813
Reimbursements from optionees	5	(291,680)	(1,189,652)	(780,195)
		(274,747)	(1,086,634)	(962,618)
General administrative expenses				
Bank charges		1,784	4,661	3,875
Consulting		117,278	143,332	124,520
Depreciation		3,496	-	2,589
Investor relations		139,494	132,189	292,430
Listing and filing fees		9,062	8,791	10,485
Office and administrative fees		19,052	28,686	29,107
Professional fees	8	191,238	231,065	203,662
Rent	8	12,286	9,000	9,000
Share-based payment	8	9,369	141,124	110,564
Transfer agent fees		9,472	9,670	10,581
Travel		35,723	46,928	66,882
		(548,254)	(755,446)	(863,695)
Other items				
Foreign exchange gain (loss)		(195)	(485)	(11,494)
Interest income		148	1,181	2,068
Gain on disposal of equipment		6,643	-	(2,105)
Other income		-	6,014	2,837
Write-down of due from optionee		-	-	(1)
Write-down of exploration and evaluation assets	5	(1,239,994)	-	(71,289)
Write-down of tax deposits	6	(41,200)	-	-
Write-down of property deposits	6	-	(49,962)	-
		(1,274,598)	(43,252)	(79,984)
Net loss for the year		(2,097,599)	(1,885,332)	(1,906,297)
Exchange difference arising on the translation of foreign subsidiaries		20,714	(16,548)	26,776
Comprehensive loss for the year		$ (2,076,885)	$ (1,901,880)	$ (1,879,521)
Basic and diluted loss per share	10	$ (0.02)	$ (0.02)	$ (0.02)

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

		Share capital		Reserves						
	Note	Number of shares	Amount	Warrants	Finder's options	Equity-settled employee benefits	Exchange	Subtotal	Deficit	Total shareholders' (deficiency) / equity
Balance as at December 31, 2016		**74,248,797**	**$ 7,994,373**	**$ 4,282,938**	**$ 277,893**	**$ 1,037,415**	**$ (6,898)**	**$ 5,591,348**	**$ (11,355,752)**	**$ 2,229,969**
Share issues:										
Shares issued for private placement		12,670,000	850,846	391,154	-	-	-	391,154	-	1,242,000
Share issue costs		-	(58,323)	-	-	-	-	-	-	(58,323)
Share-based payment		-	-	-	-	110,564	-	110,564	-	110,564
Comprehensive loss		-	-	-	-	-	26,776	26,776	(1,906,297)	(1,879,521)
Balance as at December 31, 2017		86,918,797	8,786,896	4,674,092	277,893	1,147,979	19,878	6,119,842	(13,262,049)	1,644,689
Share issues:										
Shares issued for private placement		21,515,000	851,354	430,646	-	-	-	430,646	-	1,282,000
Share issue costs		-	(55,844)	-	-	-	-	-	-	(55,844)
Share-based payment		-	-	-	-	141,124	-	141,124	-	141,124
Comprehensive loss		-	-	-	-	-	(16,548)	(16,548)	(1,885,332)	(1,901,880)
Balance as at December 31, 2018		108,433,797	9,582,406	5,104,738	277,893	1,289,103	3,330	6,675,064	(15,147,381)	1,110,089
Share issues:										
Shares issued for private placement		5,640,000	204,766	77,234	-	-	-	77,234	-	282,000
Share issue costs	8	-	(54,033)	-	-	-	-	-	-	(54,033)
Share-based payment		-	-	-	-	9,369	-	9,369	-	9,369
Comprehensive loss		-	-	-	-	-	20,714	20,714	(2,097,599)	(2,076,885)
Balance as at December 31, 2019		**114,073,797**	**$ 9,733,139**	**$ 5,181,972**	**$ 277,893**	**$ 1,298,472**	**$ 24,044**	**$ 6,782,381**	**$ (17,244,980)**	**$ (729,460)**

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

	2019	2018	2017
Cash flows from operating activities			
Net loss for the year	$ (2,097,599)	$ (1,885,332)	$ (1,906,297)
Items not involving cash:			
Depreciation	3,496	-	2,589
(Gain) loss on disposal of equipment	(6,643)	-	2,105
Mineral exploration expenses	10,996	23,796	21,520
Share-based payment	9,369	141,124	110,564
Write-down of due from optionee	-	-	1
Write-down of exploration and evaluation assets	1,239,994	-	71,289
Write-down of tax deposits	41,200	-	-
Write-down of property deposits	-	49,962	-
Changes in non-cash working capital items:			
VAT receivables	5,266	14,358	6,510
Due from optionees	11,601	(14,666)	(28,557)
Prepaid expenses and advances	34,674	(24,034)	19,818
Other receivables	6,540	(93,278)	(11,121)
Accounts payable and accrued liabilities	(101,528)	486,711	82,982
Accounts payable owed by optionees	(11,601)	(45,464)	(31,124)
Due from/to related parties	392,145	39,129	(7,842)
Funds held for optionees	-	(167,910)	163,735
Exchange difference arising on the translation of foreign subsidiaries	26,841	(23,469)	24,496
Net cash (used in) operating activities	(435,249)	(1,499,073)	(1,479,332)
Cash flows from investing activities			
Net proceeds from investments - available for sale	-	-	84,862
Net proceeds from sale of equipment	6,643	-	12,167
Property deposits	116,772	-	40,589
Purchase of equipment	(6,567)	(6,810)	(13,630)
Net cash provided by (used in) investing activities	116,848	(6,810)	123,988
Cash flows from financing activities			
Proceeds from issuance of common shares	282,000	1,282,000	1,242,000
Share issue costs	(11,544)	(20,533)	(58,323)
Net cash provided by financing activities	270,456	1,261,467	1,183,677
Change in cash for the year	(47,945)	(244,416)	(171,667)
Cash, beginning of the year	106,288	350,704	522,371
Cash, end of the year	$ 58,343	$ 106,288	$ 350,704
Cash comprised of:			
Cash	$ 58,343	$ 106,288	$ 182,794
Restricted Cash	-	-	167,910
	$ 58,343	$ 106,288	$ 350,704
Supplementary information:			
Interest received	$ 148	$ 1,181	$ 2,068

Supplemental disclosure with respect to cash flows (Note 12)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

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

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

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

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

2. BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of preparation

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

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are effective as at December 31, 2019.

(Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

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

	% of ownership	Jurisdiction	Nature of operations
MAEPA Empreendimentos Mineiros e Participacoes Lda [3]	100%	Portugal	Exploration
Innomatik Exploration Kosovo LLC [3]	100%	Kosovo	Exploration
Avrupa Holdings Inc. [1]	100%	Barbados	Holding
Avrupa Portugal Holdings Inc. [1]	100%	Barbados	Holding
Avrupa Kosovo Holdings Inc. [1]	100%	Barbados	Holding
Pormining, Unipessoal Lda. [2]	100%	Portugal	Exploration

[1] The companies are in the process of being wound up.

[2] On December 17, 2019, Pormining, Unipessoal Lda. ("Pormining") was incorporated for the purpose of mining exploration and exploitation activities in Portugal. Pursuant to the company's Bylaws, the share capital of €1,000 will be divided into two quotas with one quota representing 51% of the issued share capital to be held by Emisurmin Unipessoal Ltda. ("EUL") and one quota representing 49% of the issued share capital to be held by MAEPA. As of December 31, 2019, 100% of the company's shares were held by MAEPA. See Notes 5 and 16.

(3) On December 28, 2018, the ownership of Innomatik was transferred from Avrupa Kosovo Holdings Ltd. to the Company and on January 2, 2019, the ownership of MAEPA was transferred from Avrupa Portugal Holdings Ltd. to the Company.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

b) Interests in Joint Arrangements

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

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

c) Investments in Associates and Joint Ventures

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) Foreign currencies

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

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

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

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

e) Exploration and evaluation assets and expenditures

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

f) Share-based payment transactions

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

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

g) Loss per share

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

h) Significant accounting judgments and estimates

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

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

<u>Critical judgments</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) Significant accounting judgments and estimates *(Continued)*

- The determination that the Company will continue as a going concern for the next year.

Significant estimates

- The estimate that 50% of the tax deposits will be recovered within one to five years.

i) Provisions

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

j) Financial instruments

The following financial assets are classified as measured at amortized cost - cash, due from optionees, certain other receivables and property deposits.

The following financial liabilities are classified as measured at amortized cost – accounts payable and accrued liabilities, accounts payable owed by optionees, due to related parties and long-term loan.

The classification of financial assets is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Transaction costs with respect to financial instruments classified as fair value through profit or loss are recognized as an adjustment to the cost of the underlying instruments.

The Company's financial assets are classified into one of the following two measurement categories:

Financial assets held within a business model for the purpose of collecting contractual cash flows ("held to collect") that represent solely payments of principal and interest ("SPPI") are measured at amortized cost. Financial assets held within a business model where assets are both held for the purpose of collecting contractual cash flows or sold prior to maturity and the contractual cash flows represent solely payments of principal and interest are measured at FVPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) Income taxes

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

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

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

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

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

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

(Presented in Canadian Dollars)

4. EQUIPMENT

	Furniture and other equipment	Vehicles	Other assets	Total
Cost				
As at January 1, 2018	$ 119,629	$ 107,494	$ 22,465	$ 249,588
Additions during the year	178	-	-	178
Disposal during the year	-	(34,581)	-	(34,581)
Exchange adjustment	4,459	4,006	837	9,302
As at December 31, 2018	124,266	76,919	23,302	224,487
Disposal during the year	-	(32,617)	-	(32,617)
Exchange adjustment	(8,199)	(5,074)	(1,537)	(14,810)
As at December 31, 2019	$ 116,067	$ 39,228	$ 21,765	$ 177,060
Accumulated depreciation				
As at January 1, 2018	$ 97,927	$ 75,440	$ 20,104	$ 193,471
Depreciation for the year	12,305	10,291	1,200	23,796
Depreciation for the year related to disposals	-	(34,581)	-	(34,581)
Exchange adjustment	3,900	3,021	773	7,694
As at December 31, 2018	114,132	54,171	22,077	190,380
Depreciation for the year	3,337	9,990	1,165	14,492
Depreciation for the year related to disposals	-	(32,617)	-	(32,617)
Exchange adjustment	(7,591)	(3,757)	(1,477)	(12,825)
As at December 31, 2019	$ 109,878	$ 27,787	$ 21,765	$ 159,430
Net book value				
As at January 1, 2018	$ 21,702	$ 32,054	$ 2,361	$ 56,117
As at December 31, 2018	$ 10,134	$ 22,748	$ 1,225	$ 34,107
As at December 31, 2019	$ 6,189	$ 11,441	$ -	$ 17,630

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

	Portugal			Kosovo		Germany	Others	
	Alvito	Alvalade	Others	Slivovo	Others			Total
Exploration and evaluation assets								
Acquisition costs								
As of January 1, 2019	$ -	$ 167,920	$ 1,096,840	$ 143,155	$ -	$ -	$ -	$ 1,407,915
Write-down of property during the year	-	-	(1,096,840)	(143,154)	-	-	-	(1,239,994)
As of December 31, 2019	$ -	$ 167,920	$ -	$ 1	$ -	$ -	$ -	$ 167,921
Mineral exploration expenses for the year ended December 31, 2019								
Concession fees and taxes	$ 15,422	$ 50,003	$ 10	$ -	$ 3,564	$ -	$ -	$ 68,999
Depreciation	1,676	7,120	2,200	-	-	-	-	10,996
Drilling	-	124,262	-	-	-	-	-	124,262
Geological salaries and consulting	59,406	121,313	7,930	-	33,885	-	-	222,534
Insurance	122	3,755	3,185	-	217	-	-	7,279
Legal and accounting	19	498	-	-	243	-	-	760
Office and administrative fees	6,379	14,071	2,426	-	812	-	-	23,688
Rent	9,202	57,794	12,308	-	6,857	-	-	86,161
Site costs	1,157	13,950	730	-	285	-	-	16,122
Travel	109	5,430	23	-	64	-	-	5,626
Reimbursements from optionee	-	(291,680)	-	-	-	-	-	(291,680)
	$ 93,492	$ 106,516	$ 28,812	$ -	$ 45,927	$ -	$ -	$ 274,747
Cumulative mineral exploration expenses since acquisition								
Assaying	$ -	$ -	$ -	$ 297,975	$ 65,936	$ 10,846	$ -	$ 374,757
Concession fees and taxes	147,900	361,864	545,708	9,998	206,975	4	-	1,272,449
Depreciation	7,191	17,178	91,531	-	-	-	-	115,900
Drilling	472,513	610,197	-	1,180,217	-	-	-	2,262,927
Geological salaries and consulting	1,624,824	6,508,740	4,692,323	119,801	711,908	12,359	-	13,669,955
Geology work	-	-	32,377	891,582	402,515	223,619	140,906	1,690,999
Insurance	5,683	24,173	46,429	14,604	15,007	-	-	105,896
Legal and accounting	177	1,020	1,067	58,158	13,958	-	-	74,380
Office and administrative fees	43,699	249,536	236,040	80,149	101,180	5,255	63,191	779,050
Rent	188,804	550,185	408,092	28,694	88,221	-	20,560	1,284,556
Report	-	-	-	24,232	-	-	-	24,232
Site costs	71,452	192,664	172,925	185,074	194,582	-	8,865	825,562
Travel	75,625	237,131	171,652	60,107	22,478	-	15,326	582,319
Trenching and road work	-	-	-	34,339	-	-	-	34,339
Reimbursements from optionee	(2,149,344)	(7,693,840)	(2,741,482)	(2,834,986)	(45,158)	-	-	(15,464,810)
	$ 488,524	$ 1,058,848	$ 3,656,662	$ 149,944	$ 1,777,602	$ 252,083	$ 248,848	$ 7,632,511

(Presented in Canadian Dollars)

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

	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
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

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

Portugal

The Company, through its 100% holding in MAEPA Empreendimentos Mineiros e Participacoes Lda ("MAEPA"), holds four exploration licenses in Portugal, spread from the north to the south in the country. The licenses have been issued to MAEPA by the government of Portugal, and relate to the following named properties:

- Alvalade
- Alvito
- Mertola
- Marateca (dropped)

Licenses have varying required work commitments and carry a 3% Net Smelter Return ("NSR") payable to the government of Portugal.

Alvalade:

In June 2017, the Company recovered 100% ownership of the Alvalade project by forgiving certain debts, assuming a deposit on the project and making future payments to its initial partner upon meeting certain milestones.

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 Alvalade property for a non-refundable payment of €25,000. Such amount was received in December 2017 and was used to offset the expenditures incurred in fiscal 2018.

On November 19, 2019, the Company and MAEPA (collectively the "Company") and Minas de Aguas Teñidas, S.A. ("MATSA") and its wholly-owned subsidiary EUL (collectively "MATSA") entered into an Earn-In Joint Venture Agreement (the "Agreement") in respect of the Alvalade project. Pursuant to the Agreement, Pormining was incorporated to hold assets and develop mineral rights (both as defined) and EUL can earn up to an 85% interest in Pormining. The earning of this interest, subsequent arrangements that may be entered into to explore the assets and, if warranted, the development of one or more projects are referred to as the "Transaction". The effective date of the Transaction is the date that Pormining receives the mineral rights in its name from the General Directorate of Energy and Geology of Portugal ("DGEG"). The Transaction is comprised of the following phases:

- Phase I – First Option;
- Phase II – Second Option;
- 51/49 Phase; and
- Phase III – Development and Operation

Phase I – First Option

Phase I commences on the effective date and continues until the first to occur of the first option exercise date and the termination of the first option. During Phase I, MAEPA will grant EUL the sole and exclusive right to hold an undivided 51% interest in Pormining (the first option) for at least three years from the effective date or the issue of the Experimental Exploitation License (the "EEL") by DGEG to Pormining. EUL's right to maintain its 51% interest is conditional upon MATSA:

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

Alvalade: *(Continued)*

- Paying €400,000 to the Company on or before the effective date (€200,000 ($291,680) was received);
- Funding or providing the necessary financial instrument to cover the guarantee, which will be returned to MATSA following the release of the guarantee by DGEG; and
- Funding expenditures (the first option expenditures) on the mineral rights in an aggregate amount of €2,400,000 (€1,200,000 within the first 12 months following the effective date and €1,200,000 in the next 24 months) on or before three years from the effective date or the issue of the EEL.

Funding of the first option expenditures is solely at MATSA's discretion and MATSA may elect to terminate the first option at any time by delivering notice (the first option termination notice) to the Company. MATSA may elect to accelerate the funding of the first option expenditures in order to exercise the first option at an earlier date. If there is a shortfall in the first option expenditures, MATSA may elect to pay such amount on or before the end of the three-year period and the first option expenditures will be deemed to have been satisfied.

Upon MATSA completing all of the requirements of the first option, EUL will have unconditionally earned the 51% interest in Pormining. If the first option is terminated, MAEPA will acquire the 51% interest from EUL for a nominal value, the shares will be cancelled and MAEPA will hold a 100% interest in Pormining.

During Phase I, MAEPA will act as the operator of the mineral rights. Pormining will pay MAEPA an operator's fee equal to €100,000 per year, paid monthly, funded by MATSA and which shall form part of the first option expenditures. In all other phases, Pormining will be the operator unless it appoints another person to act as operator. The operator is responsible for developing and submitting work programs to the technical committee or the board of directors for consideration and approval and to implement work programs when approved according to the approved budget. The technical committee is comprised of two representatives from each of EUL and MAEPA and will be in effect until the first option exercise date. Thereafter, the board of directors will make all decisions with respect to the mineral rights.

During Phase I, EUL will fund 100% of all maintenance payments (as defined) and approved work programs.

Failure by DGEG to issue the mineral rights to Pormining within 120 days (amended to 240 days on April 30, 2020) of the date of the Agreement will result in termination of the Agreement.

See Notes 3 a) and 16.

Phase II – Second Option

Phase II commences on the first option exercise date and continues until the first to occur of the second option exercise date and the termination of the second option. On the first option exercise date, the Company will grant EUL the sole and exclusive right and option to acquire an additional 34% (for an aggregate 85% interest) in Pormining (the second option). EUL's right to exercise the second option is conditional on MATSA satisfying the second option conditions as follows:

- Preparing, funding and delivering to Pormining a feasibility study on the mineral rights within five years of the issuance of the EEL or, provided that DGEG grants an extension to all or part of the EEL, the time period for when the second option conditions must be shall be extended to a maximum of two additional years, for a total of seven years after the issuance of the original EEL;

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

Alvalade: *(Continued*)

- Making proper application for a mining license before the end of the term of the EEL; and
- Making all progress payments to Antofogasta as set out in the Debt Cancellation Agreement dated June 12, 2017 as follows:
  - US$250,000 within 60 days after the date of a news release announcing a NI 43-101 compliant technical report having been completed and with results as defined;
  - US$500,000 within 60 days after the date of a news release announcing completion of a feasibility study with results as defined;
  - US$500,000 on the one-year anniversary of the date of the news release announcing the feasibility study noted above;
  - US$750,000 within 60 days of the commencement of commercial production;
  - US$750,000 on the one-year anniversary of commencement of commercial production;
  - US$750,000 on the second anniversary of commencement of commercial production; and
  - US$750,000 on the third anniversary of commencement of commercial production.

The satisfaction of the second option conditions is solely at MATSA's discretion and MATSA may elect to terminate the second option at any time by delivering notice (the second option termination notice) to the Company. If the second option is terminated, EUL will be entitled to retain its 51% interest in Pormining, plus an additional 1% interest for every €735,294 of expenditures funded during Phase II and the 51/49 Phase will commence.

Upon MATSA satisfying the second option conditions, EUL automatically earns an additional 34% interest in Pormining for an aggregate interest of 85%.

During Phase II, EUL will fund 100% of all maintenance payments and approved work programs.

51/49 Phase

The 51/49 Phase commences on termination of the second option and continues until the deemed conversion of the interest of a party to a royalty. During the 51/49 Phase, Pormining will remain the operator subject to the terms of the Agreement and the shareholders' agreement and the activities of the parties with respect to the mineral rights will be continue to be governed by the shareholder's agreement.

If at any time after the 51/49 Phase has commenced EUL's interest is reduced to below 10% as a result of dilution calculations, its interest will be deemed to be converted to a 1.5% royalty, which royalty shall only be payable up to a maximum total payment of €13,000,000 after which it will no longer be applicable. Upon conversion to the royalty, EUL will have no further rights or interest in respect of the assets under the Agreement or the shareholders' agreement except for the royalty and the termination provisions apply.

If at any time during the 51/49 Phase MAEPA's interest is reduced to 15% as a result of dilution calculations, then its interest will be deemed to be converted to a 15% "carried interest" following which MAEPA will not be required to contribute to any further work programs and will not be subject to any further dilution until such time as a feasibility study has been prepared, at which point Phase III will have been deemed to have commenced and MAEPA will have to sell the option.

During the 51/49 Phase, the parties will fund the maintenance payments and contribute to the costs of any approved work and/or development programs in proportion to their proportionate share.

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

Alvalade: *(Continued)*

Phase III – Development and Operation

Phase III commences on the second option exercise date and continues until the deemed conversion of the interest of a party to a royalty. Within 90 days of the commencement of Phase III, the Company will transfer its 15% interest in Pormining to MATSA in consideration for €10,000,000 to be paid as follows:

- €3,000,000 upon a construction decision being made by Pormining and all permits having been received from DGEG;
- €3,000,000 upon commencement of commercial production; and
- €4,000,000 upon the first anniversary of commencement of commercial production.

During Phase III, the parties will contribute their respective pro rata share of all approved work programs and budgets.

If at any time after Phase III has commenced MAEPA's interest is reduced to below 10% as a result of dilution calculations, its interest will be deemed to be converted to a 1.5% royalty as described above for EUL.

Alvito:

Callinan Royalties Corporation ("Callinan") (now Altius Minerals Corporation) has a 1.5% NSR royalty on the Alvito property.

On April 5, 2017, the Company signed an earn-in option agreement with Australia-based OZ Exploration Pty. Ltd. ("OZE"), a wholly-owned subsidiary of OZ Minerals Limited ("OZM"), to explore on the Alvito iron oxide, copper-gold ("IOCG") project located in southern Portugal. On October 5, 2018, OZE terminated the agreement and returned 100% ownership to the Company. Since inception of the agreement and to the termination, OZE had forwarded a total of $1,734,369 (€1,136,000) for the Alvito property.

Others including Marateca, Mertola and Covas:

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 Marateca property and the Mertola property for non-refundable payments of €25,000 each. During fiscal 2019, the Company dropped Marateca property and write off $1,096,840.

During fiscal 2019, the Company had applied to DGEG to drop the Alvito and Mertola licenses and as of December 31, 2019, DGEG had not processed such requests.

During fiscal 2018, the Company let the Covas license lapse after Blackheath Resources Inc. ("Blackheath") terminated the earn-in agreement in March 2018. As part of the termination, the Company incurred an additional amount of $31,622 (€21,684) as of December 31, 2019 which will be reimbursed by Blackheath.

(Presented in Canadian Dollars)

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

Kosovo

The Company, through its 100% holding in Innomatik, held one exploration license in Kosovo:

- Metovit

The Metovit license was issued in 2015 and carries certain work commitments and a 5% NSR payable to the government of Kosovo. This license expired on June 10, 2018 and the Company is currently in the process of renewing it. There are no acquisition costs associated with this license.

Slivovo license:

Byrnecut International Limited ("Byrnecut") has earned an 85% interest in the Slivovo property after forwarding $2,834,986 (€2,000,000) for the Slivovo property to the Company and completing a Preliminary Feasibility Study ("PFS") by April 10, 2017. Byrnecut and the Company had set up a joint venture entity known as Peshter Mining J.S.C. ("Peshter Mining") to reflect the 85:15 ownership and transferred the Slivovo license into Peshter Mining with Byrnecut being the operator. Avrupa's interest in Peshter Mining had since been diluted to below 10%, resulting in the Company's interest in Peshter Mining being converted into a 2% Net Smelter Return. As of December 31, 2019, Byrnecut spent over €4.6 million in Peshter Mining.

As of December 31, 2019, the Company wrote down its interest in Slivovo by $143,154 (2018 - $nil) to $1 as the Company continues to negotiate with the Kosovo Mining Bureau as well as Byrnecut in order to extend the life of this license.

Germany

The Company has earned an 85% interest in the Oelsnitz property under its agreement with Beak Consultants GmbH ("Beak") by spending €140,000. There is no royalty attached to the property. The Company is working with Beak to set up a joint-venture entity. As of December 31, 2019, the Company had spent $252,083 (€192,576) on the Oelsnitz property.

	December 31, 2019	December 31, 2018
Due from optionees		
Covas - Blackheath	$ 31,622	$ 33,855
Alvito - OZE	-	9,368
	$ 31,622	$ 43,223

6. PROPERTY DEPOSITS / TAX DEPOSITS

Property deposits:

As of December 31, 2019, the Company had a total of $17,500 (€12,000) (December 31, 2018: $134,272 (€86,000)) 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.

6. PROPERTY DEPOSITS / TAX DEPOSITS *(Continued)*

Property deposits: *(Continued)*

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).

Tax deposits:

In November 2018, MAEPA paid €56,505 ($88,201) in lieu of bank guarantees of €77,918 ($121,625) to the Directora de Finanças de Braga in Portugal. This amount was comprised of €51,920 ($81,044) in respect of stamp tax and €4,585 ($7,157) in respect of VAT. The stamp tax portion relates to the interpretation that intercompany advances received by MAEPA are financing loans and, accordingly, are subject to stamp tax. The Vat portion relates to certain invoices for vehicle usage and construction services. As of December 31, 2019, the Company estimates that the judicial review process will take approximately one year for the VAT claim and three to five years for the stamp tax claim and that the likelihood of success for each is 50%. As a result, tax deposits were written down by $41,200 (€28,252).

7. CAPITAL AND RESERVES

(a) Authorized:

At December 31, 2019, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

i. On April 20, 2017, the Company completed a non-brokered private placement by issuing 2,500,000 common shares at a price of $0.09 per share for gross proceeds of $225,000. In connection with the financing, a total of $11,975 share issue costs were incurred.

ii. On July 12, 2017, the Company completed a non-brokered private placement by issuing 10,170,000 units ("Unit") at a price of $0.10 per Unit for gross proceeds of $1,017,000. Each Unit consists of one common share and one non-transferrable warrant. Each warrant entitles the holder to purchase one additional common share for a 3-year period at a price of $0.15. The warrants were ascribed a value of $391,154.

In connection with the financing, a total of $46,348 share issue costs were incurred.

iii. On March 26, 2018, the Company completed a non-brokered private placement by issuing 6,875,000 units ("Unit") 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. The warrants were ascribed a value of $172,137.

In connection with the financing, a total of $19,019 share issue costs were incurred.

7. CAPITAL AND RESERVES *(Continued)*

(b) Share issuances: *(Continued)*

iv. On November 9, 2018, the Company closed the first tranche of a non-brokered private placement by issuing 10,000,000 units (“Unit”) 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 at a price of $0.10 until November 9, 2021 for the first tranche and until December 17, 2021 for the second tranche. The warrants were ascribed a value of $179,897 and $78,612 respectively. If however the closing price of the Company’s shares 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.

In connection with the financing, a total of $36,825 share issue costs were incurred.

v. On February 25, 2019, the Company completed the third tranche of a non-brokered private placement by issuing 2,000,000 units (“Unit”) 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. The warrants were ascribed a value of $35,234. If however the closing price of the Company’s shares 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.

In connection with the financing, a total of $29,673 share issue costs were incurred.

vi. On December 18, 2019, the Company completed a non-brokered private placement by issuing 3,640,000 units (“Unit”) at a price of $0.05 per Unit for gross proceeds of $182,000. Each Unit consists of one common share and one half of one non-transferable warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.05 until December 18, 2021. The warrants were ascribed a value of $42,000.

In connection with the financing, a total of $24,360 share issue costs were incurred.

(c) Share Purchase Option Compensation Plan:

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

Stock option transactions and the number of stock options for the year ended December 31, 2019 are summarized as follows:

(Presented in Canadian Dollars)

7. CAPITAL AND RESERVES *(Continued)*

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

Expiry date	Exercise price	December 31, 2018	Granted	Exercised	Expired/ cancelled	December 31, 2019
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
January 07, 2024	$0.05	-	183,000	-	-	183,000
Options outstanding		6,940,000	183,000	-	(200,000)	6,923,000
Options exercisable		6,940,000	183,000	-	(200,000)	6,923,000
Weighted average exercise price		$0.12	$0.05	$Nil	$0.165	$0.12

As of December 31, 2019, the weighted average contractual remaining life is 1.95 years (December 31, 2018 – 2.81 years).

Stock option transactions and the number of stock options for the year ended December 31, 2018 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

Stock options transactions and the number of stock options for the year ended December 31, 2017 are summarized as follows:

Expiry date	Exercise price	December 31, 2016	Granted	Exercised	Expired/ cancelled	December 31, 2017
January 27, 2017	$0.30	100,000	-	-	(100,000)	-
April 10, 2017	$0.30	720,000	-	-	(720,000)	-
July 15, 2017	$0.10	300,000	-	-	(300,000)	-
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
Options outstanding		6,055,000	1,310,000	-	(1,120,000)	6,245,000
Options exercisable		6,055,000	1,310,000	-	(1,120,000)	6,245,000
Weighted average exercise price		$0.15	$0.10	$Nil	$0.25	$0.12

(Presented in Canadian Dollars)

7. CAPITAL AND RESERVES *(Continued)*

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

The weighted average assumptions used to estimate the fair value of options for the years ended December 31, 2019, 2018 and 2017 were:

	2019	2018	2017
Risk-free interest rate	1.33%	1.25%	1.21%
Expected life	5 years	5 years	5 years
Expected volatility	123.92%	130.43%	141.88%
Expected dividend yield	Nil	Nil	Nil

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

(d) Finder's Options:

The continuity of finder's options for the year ended December 31, 2019 is as follows:

Expiry date	Exercise price	December 31, 2018	Issued	Exercised	Expired	December 31, 2019
July 4, 2019	$0.10	411,250	-	-	(411,250)	-
Outstanding		411,250	-	-	(411,250)	-
Weighted average exercise price		$0.10	$Nil	$Nil	$0.10	$Nil

As of December 31, 2019, the weighted average contractual remaining life is Nil years (December 31, 2018 – 0.51 years).

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	$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

The continuity of finder's options for the year ended December 31, 2017 is as follows:

Expiry date	Exercise price	December 31, 2016	Issued	Exercised	Expired	December 31, 2017
August 22, 2017	$0.25	152,600	-	-	(152,600)	-
July 14, 2018	$0.10	99,000	-	-	-	99,000
July 4, 2019	$0.10	411,250	-	-	-	411,250
Outstanding		662,850	-	-	(152,600)	510,250
Weighted average exercise price		$0.13	$Nil	$Nil	$0.25	$0.10

(Presented in Canadian Dollars)

7. CAPITAL AND RESERVES *(Continued)*

(d) Finder's Options*: (Continued)*

The weighted average assumptions used to estimate the fair value of finder's options for the years ended December 31, 2019, 2018 and 2017 were:

	2019	2018	2017
Risk-free interest rate	Nil	Nil	Nil
Expected life	Nil	Nil	Nil
Expected volatility	Nil	Nil	Nil
Expected dividend yield	Nil	Nil	Nil

(e) Warrants:

The continuity of warrants for the year ended December 31, 2019 is as follows:

Expiry date	Exercise price	December 31, 2018	Issued	Exercised	Expired	December 31, 2019
July 4, 2019	$0.15	13,547,000	-	-	(13,547,000)	-
March 26, 2020 *	$0.12	6,875,000	-	-	-	6,875,000
July 12, 2020	$0.15	10,170,000	-	-	-	10,170,000
November 9, 2021 (1)	$0.10	10,000,000	-	-	-	10,000,000
December 17, 2021 (1)	$0.10	4,640,000	-	-	-	4,640,000
February 25, 2022 (1)	$0.10	-	2,000,000	-	-	2,000,000
December 18, 2021	$0.05	-	1,820,000	-	-	1,820,000
Outstanding		45,232,000	3,820,000	-	(13,547,000)	35,505,000
Weighted average exercise price		$0.13	$0.08	$Nil	$0.15	$0.12

*Subsequently, these warrants expired unexercised.

(1) These warrants have a forced exercise price. If the closing price of the Company's shares 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.

As of December 31, 2019, the weighted average contractual life is 1.20 years (December 31, 2018 – 1.62 years).

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

(Presented in Canadian Dollars)

7. CAPITAL AND RESERVES *(Continued)*

(e) Warrants: *(Continued)*

The continuity of warrants for the year ended December 31, 2017 is as follows:

Expiry date	Exercise price	December 31, 2016	Issued	Exercised	Expired	December 31, 2017
March 28, 2017	$0.40	4,000,000	-	-	(4,000,000)	-
August 22, 2017	$0.40	4,400,000	-	-	(4,400,000)	-
October 4, 2017	$0.25	7,990,000	-	-	(7,990,000)	-
July 14, 2018	$0.15	10,920,000	-	-	-	10,920,000
July 4, 2019	$0.15	13,547,000	-	-	-	13,547,000
July 12, 2020	$0.15	-	10,170,000	-	-	10,170,000
Outstanding		40,857,000	10,170,000	-	(16,390,000)	34,637,000
Weighted average exercise price		$0.22	$0.15	$Nil	$0.33	$0.15

The weighted average assumptions used to estimate the fair value of warrants for the years ended December 31, 2019, 2018 and 2017 were:

	2019	2018	2017
Risk-free interest rate	1.55%	1.14%	0.71%
Expected life	2.52 years	2.68 years	3 years
Expected volatility	118.63%	108.87%	116.49%
Expected dividend yield	Nil	Nil	Nil

8. RELATED PARTY TRANSACTIONS AND BALANCES

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

For the year ended December 31, 2019

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn [(g)] Chief Executive Officer, Director	$ 163,766	$ Nil	$ Nil	$ Nil	$ 53,482	$ Nil	$ 217,248
Paul L. Nelles [(c)] Director	$ 8,070	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 8,070
Frank Hogel Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 5,530	$ 5,530

(Presented in Canadian Dollars)

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

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 [(g)] 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
Paul L. Nelles [(c)] Director	$ 19,950	$ Nil	$ Nil	$ Nil	$ Nil	$ 7,670	$ 27,620
Frank Hogel Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 7,670	$ 7,670
Mark T. Brown Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 9,588	$ 9,588
Paul Dircksen Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 7,670	$ 7,670
Ross Stringer Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 7,670	$ 7,670
Adriano Barros [(d)]	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 5,369	$ 5,369

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 [(g)] 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
Paul L. Nelles [(c)] Director	$ 19,100	$ Nil	$ Nil	$ Nil	$ Nil	$ 4,220	$ 23,320
Frank Hogel Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 4,220	$ 4,220
Mark T. Brown Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,660	$ 12,660
Paul Dircksen Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 4,220	$ 4,220
Ross Stringer Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 4,220	$ 4,220
Adriano Barros [(d)]	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 16,880	$ 16,880

(Presented in Canadian Dollars)

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

Related party liabilities

		Years ended				
	Services / Advances	December 31, 2019	December 31, 2018	December 31, 2017	As at December 31, 2019	As at December 31, 2018
Amounts due to:						
Pacific Opportunity Capital Ltd. [(a)]	Rent, management, accounting, marketing and financing services	$ 198,158	$ 228,455	$ 218,690	$ 319,029 [(b)]	$ 62,754
Paul W. Kuhn [(g)]	Consulting, salaries, housing allowance and share-based payment	$ 217,248	$ 326,903	$ 335,970	$ 203,519	$ 33,523
Mark T. Brown [(f)]	Short-term loan	$ 16,000	$ Nil	$ Nil	$ 16,518	$ Nil
Paul L. Nelles [(c)]	Salaries and share-based payment	$ 8,070	$ 27,620	$ 23,320	$ 14,583	$ Nil
Mineralia [(d)]	Consulting	$ Nil	$ 157,536	$ 198,089	$ 14,948	$ 34,375
B&B Renting and Consulting Lda. [(e)]	Rent	$ Nil	$ Nil	$ 42,026	$ Nil	$ Nil
Adriano Barros [(d)]	Share-based payment	$ Nil	$ 5,369	$ 16,880	$ Nil	$ Nil
TOTAL:		$ 439,476	$ 745,883	$ 834,975	$ 568,597	$ 130,652

(a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.
(b) Includes a $51,325 advance, that is non-interest bearing without specific terms of repayment.
(c) Paul L. Nelles is a director of Innomatik.
(d) Mineralia, a private company partially owned by Adriano Barros, the general manager of MAEPA.
(e) B&B Renting and Consulting Lda., a private company partially owned by Adriano Barros, the general manager of MAEPA.
(f) Mark T. Brown is a director of the Company. The $16,000 advance is non-interest bearing without specific terms of repayment.
(g) On June 1, 2019, the Company entered into a Contract for Services (the “Contract”) with a contractor to serve as the Company’s president and chief executive officer. The contractor is responsible for providing technical oversight and guidance, establishing corporate goals and objectives and setting and implementing corporate strategies. Pursuant to the Contract:
   - The contractor will receive a fee of $12,500 per month and a rent allowance of €4,000 for the first four months;
   - If the Company is substantially sold or has a change of control (as defined), the contractor will receive a payment equal to two years of fees; and
   - The contract remains effective until terminated in writing by either the Company or the contractor. The Company may terminate the contract at any time without notice or payment in lieu thereof for cause or at any time without cause by providing six months’ written notice or by paying the contractor in lieu of notice. The contractor may terminate the contract at any time by providing the Company with three months’ written notice.

(Presented in Canadian Dollars)

9. LONG-TERM LOAN

In March 2017, the Companyentered into a long-term loan to purchase a used vehicle. The long-term loan is repayable in monthly payments totalling $18,249 (€12,514) as of December 31, 2019, including interest calculated at 5.635%, and maturing on April 5, 2022.

	December 31, 2019				December 31, 2018			
Long-term loan	$	16,902	€	11,590	$	25,127	€	16,094
Less: current portion of long-term loan		6,963		4,774		7,031		4,503
	$	9,939	€	6,816	$	18,096	€	11,591
Payment schedule of long-term loan								
Year 1	$	7,821	€	5,363	$	8,373	€	5,363
Year 2		7,821		5,363		8,373		5,363
Year 3		2,607		1,788		8,373		5,363
Year 4		-		-		2,792		1,788
		18,249		12,514		27,911		17,877
Less: imputed interest		1,224		839		2,596		1,663
Other fees		123		84		188		120
	$	16,902	€	11,591	$	25,127	€	16,094

10. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2019 was based on the loss attributable to common shareholders of $2,097,599 (2018 – $1,885,332; 2017 - $1,906,297) and a weighted average number of common shares outstanding of 110,256,592 (2018 – 93,795,401; 2017 – 80,787,810).

Diluted loss per share did not include the effect of 6,923,000 share purchase options and 35,505,000 warrants outstanding at year end (2018 – 6,940,000 share purchase options, 411,250 finder's options and 45,232,000 warrants; 2017 – 6,245,000 share purchase options, 510,250 finder's options and 34,637,000 warrants) as they are anti-dilutive.

11. FINANCIAL INSTRUMENTS

The fair values of the Company's cash, other receivables, due from optionees, property deposits, 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. Amounts are receivable from optionees.

11. FINANCIAL INSTRUMENTS *(Continued)*

(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, 2019, the Company had cash of $58,343 (December 31, 2018 - $106,288), VAT receivables of $17,042 (December 31, 2018 - $22,308) and other receivables of $29,096 (December 31, 2018 - $35,636) to settle current liabilities, net of funds held for optionees and accounts payable owed by optionees, of $1,099,588 (December 31, 2018 - $766,550).

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

(c) Interest rate risk

Interest rate risk is not material as the Company does not have any significant financial assets or liabilities subject to fluctuation in 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 $339,300 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 $6,600.

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).

(Presented in Canadian Dollars)

11. FINANCIAL INSTRUMENTS *(Continued)*

The following table sets forth the Company's financial assets classified as subsequently measured at amortized cost as at December 31, 2019 and 2018.

As at December 31, 2019	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 58,343	$ -	$ -	$ 58,343
Due from optionees	31,622	-	-	31,622
Other receivables	29,096	-	-	29,096
Property deposits	17,500	-	-	17,500
	$ 136,561	$ -	$ -	$ 136,561

As at December 31, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Cash	$ 106,288	$ -	$ -	$ 106,288
Due from optionees	43,223	-	$ -	43,223
Other receivables	35,636	-	$ -	35,636
Property deposits	134,272	-	$ -	134,272
	$ 319,419	$ -	$ -	$ 319,419

The financial liabilities are classified as subsequently measured at amortized cost (See Note 3 j).

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The non-cash transactions during the years ended December 31, 2019, 2018 and 2017 were as follows:

- $10,996 (2018 - $23,796; 2017 - $21,520) in mineral exploration expenses was related to depreciation;
- $Nil (2018 - $Nil; 2017 - $40,490) in equipment was purchased and financed with a long term loan. See Note 9.
- As at December 31, 2019, a total of $Nil (2018 - $3,311; 2017 - $Nil) in share issue costs were included in accounts payable and accrued liabilities and $77,800 (2018 - $32,000; 2017 - $Nil) were included in due to related parties.

13. MANAGEMENT OF CAPITAL RISK

The Company manages its cash, common shares, warrants, finder's options and share purchase options as capital (see Note 7). 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.

(Presented in Canadian Dollars)

13. MANAGEMENT OF CAPITAL RISK *(Continued)*

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

14. INCOME TAX

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

	2019	2018	2017
Net loss	$ (2,097,599)	$ (1,885,332)	$ (1,906,297)
Expected income tax recovery	$ (566,352)	$ (509,040)	$ (495,637)
Effect of foreign tax rate	46,724	145,825	110,748
Non-deductible items	112,279	38,513	76,169
Deductible items	(15,196)	(15,911)	(14,580)
Unrecognized benefit of non-capital losses	422,545	340,613	323,301
	$ -	$ -	$ -

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

	2019	2018
Deferred income tax assets		
Non-capital loss carryforwards	$ 1,854,696	$ 1,660,778
Share issue costs	31,166	31,773
	1,885,862	1,692,551
Valuation allowance	(1,885,862)	(1,692,551)
Net deferred income tax assets	$ -	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $6,868,500 in Canada (2018 - $6,150,500). These losses, if not utilized, will expire through to 2039. Tax benefits which may arise as a result of these non-capital losses have not been recognized in these consolidated financial statements and have been offset by a valuation allowance. The following table shows the non-capital losses in Canada:

Year of Origin	**Year of Expiry**	**Non-capital losses/(Income)**
2008	2028	$ 10,500
2009	2029	45,000
2010	2030	38,500
2010	2030	325,000
2011	2031	51,500
2012	2032	798,000
2013	2033	606,000
2014	2034	921,000
2015	2035	837,000
2016	2036	1,007,000
2017	2037	854,000
2018	2038	657,000
2019	2039	718,000
		$ 6,868,500

(Presented in Canadian Dollars)

15. SEGMENTED FINANCIAL INFORMATION

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

	December 31, 2019	December 31, 2018
Non-current assets		
Portugal	$ 244,251	$ 1,433,139
Kosovo	1	143,155
	$ 244,252	$ 1,576,294

	Years ended	
	December 31, 2019	December 31, 2018
Mineral exploration expenses		
Portugal	$ 520,500	$ 2,165,880
Kosovo	45,927	89,808
Others	-	20,598
	$ 566,427	$ 2,276,286

16. EVENTS AFTER THE REPORTING PERIOD

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

On March 27, 2020, MAEPA and EUL entered into a Quota Transfer Agreement pursuant to which MAEPA split its 100% interest in the share capital of Pormining into two quotas, representing 51% and 49% of the company's share capital, and sold the 51% quota to EUL for the nominal value of €510. See Notes 3 a) and 5.

On March 27, 2020, the Company, MAEPA, MATSA and EUL entered into the Pormining Lda. Shareholders' Agreement (the "Agreement"). Pursuant to the Agreement:

- The company has five directors. From the effective date until the second option exercise date, three will be nominated by EUL and two by MAEPA. Thereafter, four will be nominated by EUL and one will be nominated by MAEPA. Upon the occurrence of the 51/49 Phase and thereafter, EUL is entitled to nominate three directors and MAEPA two directors. In the event of dilution of the interest of EUL or MAEPA, each will be entitled to proportional representation (as described) equal to its then interest;
- In the event that EUL and/or MAEPA wish to sell or transfer their shares in Pormining, the company has the right of first refusal to purchase all or a portion of the shares. To the extent that Pormining does not exercise its right of first refusal to all of the shares, each of EUL and/or MAEPA has a right of first refusal; and
- The Agreement will terminate at such time as there is a final decision regarding the dissolution and liquidation of the company, the parties mutually agree on the termination of the Agreement or as provided for under the Earn-In Joint Venture Agreement.

See Notes 3 a) and 5.

17. COMPARATIVE AMOUNTS

Certain of the prior year's amounts have been reclassified to conform with the current year's presentation.