



AVRUPA MINERALS LTD.
(An Exploration Stage Company)

**MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020**

OVERVIEW AND INTRODUCTORY COMMENT

Avrupa Minerals Ltd. (“Avrupa” or the “Company”) is a growth-oriented junior exploration and development company listed on the TSX Venture Exchange under the trading symbol “AVU”. The Company is currently focusing 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 9 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, and to look for new projects in certain mineral belts in Europe, or nearby..

This MD&A is dated May 21, 2020 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the three months ended March 31, 2020 and the Company’s audited consolidated financial statements for the year ended December 31, 2019 and the related notes thereto.

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.

MAJOR QUARTERLY OPERATING MILESTONES

Alvalade Project (Portugal):

On March 27, 2020, MAEPA Empreendimentos Mineiros e Participacoes Lda (“MAEPA”), a wholly-owned subsidiary of the Company, and Emisurmin Unipessoal Ltda. (“EUL”), a wholly-owned subsidiary of Minas de Aguas Teñidas, S.A. (“MATSA”), entered into a Quota Transfer Agreement pursuant to which MAEPA split its 100% interest in the share capital of PorMining

Lda. (“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.

On March 27, 2020, the Company, MAEPA, MATSA and EUL entered into the PorMining Lda. Shareholders’ Agreement (the “Agreement”). Pursuant to the Agreement:

- PorMining 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, PorMining has a 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 PorMining, the parties mutually agree on the termination of the Agreement or as provided for under the Earn-In Joint Venture Agreement.

The Company and MATSA continue to work with the General Directorate of Energy and Geology of Portugal (“DGEG”) for the issuance of the mineral rights in PorMining’s name. Once the mineral rights have been issued to PorMining, the Company and MATSA will be able to begin the physical exploration program at the Alvalade Project. It is expected that exploration will commence in the third quarter of 2020.

QUARTERLY FINANCIAL CONDITION

Capital Resources

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.

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 partner might not be sufficient to carry out its activities throughout 2020. The Company might have to raise additional financing under difficult financial conditions. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

Liquidity

As at March 31, 2020, the Company had a working capital deficit of \$1,109,741 (December 31, 2019 – \$963,773). With respect to working capital, \$28,627 was held in cash (December 31,

2019 - \$58,343). The decrease in cash was mainly due to the general administrative expenses and exploration work expenses totaling \$27,897 and (b) purchase of equipment of \$1,819.

Operations

Excluding the non-cash depreciation of \$3,325 (2019 - \$Nil) and share-based payment of \$Nil (2019 - \$9,369), the Company's first quarter general and administrative expenses amounted to \$105,076 (2019 - \$123,802), a decrease of \$18,726 was mainly due to the Company conserving its cash such as a reduction in (a) investor relations of \$14,406 (2019 - \$48,756) and (b) travel of \$4,226 (2019 - \$17,658). The Company had a higher consulting fees, wages and benefits amounting to \$46,384 compared to 2019's \$18,128 due to the allocation of Paul Kuhn's management fee in consulting fees during the current period while his fees were allocated to different properties during the same period last year.

During the three months ended March 31, 2020, the Company expensed exploration costs totaling \$15,069 including \$14,933 on Alvalade and \$136 on other projects in Kosovo. During the three months ended March 31, 2019, the Company expensed exploration costs totaling \$382,801 including \$20,304 on Alvito, \$318,912 on Alvalade, \$35,381 on other projects in Portugal, and \$8,204 on other projects in Kosovo.

During the three months ended March 31, 2019, the Company reported a loss of \$123,452 (2019 - \$516,159), a decrease of \$392,707. This is a result of the decrease in exploration costs and other exploration activities.

SIGNIFICANT RELATED PARTY TRANSACTIONS

During the quarter, there was no significant transaction between related parties.

COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

As of the date of the MD&A, the Company entered into a long-term loan to purchase a used vehicle. The long-term loan is repayable in monthly payments totaling \$17,413 (€11,173), including interest calculated at 5.635%, and maturing on April 5, 2022.

Property deposits:

As of March 31, 2020, the Company had a total of \$18,701 (€12,000) (2019: \$17,500 (€12,000)) 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.

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) during the year ended December 31, 2019. As of March 31, 2020, the Company had \$41,201 (2019: \$41,201) in tax deposits.

MATSA advance:

MATSA has advanced €200,000 to MAEPA as part of the earn-in fee for the Alavalade Project. If the Experimental Exploitation License is not granted to the new JV company, PorMining, within 240 days from the advance, MAEPA would have to refund this advance to MATSA. The Company believes that the license will be granted by July 2020 and the second half of this earn-in fee will then become payable to MAEPA.

Other than disclosed in this MD&A – Quarterly Highlights, the Company does not have any commitments, expected or unexpected, or uncertainties.

RISK FACTORS

In our MD&A filed on SEDAR May 13, 2020 in connection with our annual financial statements (the “Annual MD&A”), we have set out our discussion of the risk factors *Exploration risks*, *Market risks* and *Financing risk* which we believe are the most significant risks faced by Avrupa. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company’s undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company’s outstanding share data as at March 31, 2020:

| | Issued and Outstanding | |
|---|------------------------|--------------|
| | March 31, 2020 | May 21, 2020 |
| Common shares outstanding | 114,073,797 | 114,073,797 |
| Stock options | 6,923,000 | 6,923,000 |
| Warrants | 28,630,000 | 28,630,000 |
| Fully diluted common shares outstanding | 149,626,797 | 149,626,797 |

Cautionary Statements

This document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking

statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.