AVRUPA MINERALS LTD.
(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

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 and Kosovo.

Over the course of 13 years, Avrupa has brought in partners on its exploration projects that have invested over $24 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 large 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 completed its own exploration program at the Alvalade property. This resulted in the Company entering into an Earn-in Joint Venture Agreement for the Alvalade project with Minas de Aguas Teñidas, S.A. ("MATSA") and its wholly-owned subsidiary Emisurmin Unipessoal Lda. ("EUL") in November 2019.

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 August 26, 2021 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 six months ended June 30, 2021 and the Company's audited consolidated financial statements for the year ended December 31, 2020 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.

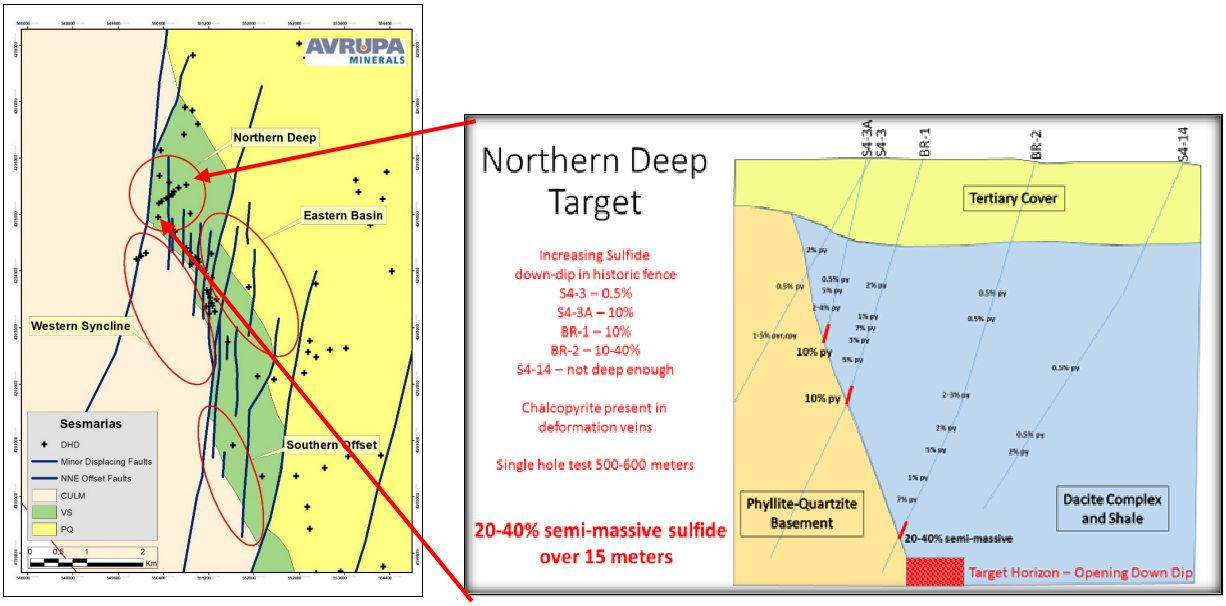
MAJOR QUARTERLY OPERATING MILESTONES

Alvalade Project (Portugal):

On February 24, 2021, the Company presented the initial progress report covering drilling at the Sesmarias Prospect in the Alvalade Project announcing that the Company completed two

diamond drill holes, totaling 874 meters, and started a third hole testing potential northern extension of the Sesmarias copper-zinc-iron sulfide mineralization.

Avrupa discovered massive sulfide mineralization at Sesmarias in 2014, and intermittent drilling since then increased the known strike length of the massive lenses to 1.6 kilometers. The present work is the initial attempt to expand the mineralization to the north from SES008 to the Brejo area (in previous releases, designated as Sesmarias North or Northern Deep target). Wide-spaced, historic drilling suggests strong possibility of massive sulfide mineralization in the Brejo target area.



Figures 1 and 2. Location of Northern Deep (Brejo area) and original targeting idea. Review and re-interpretation of historic work and new drilling have demonstrated significant new potential in the area between SES008 and the "Northern Deep" (Brejo) target shown above.

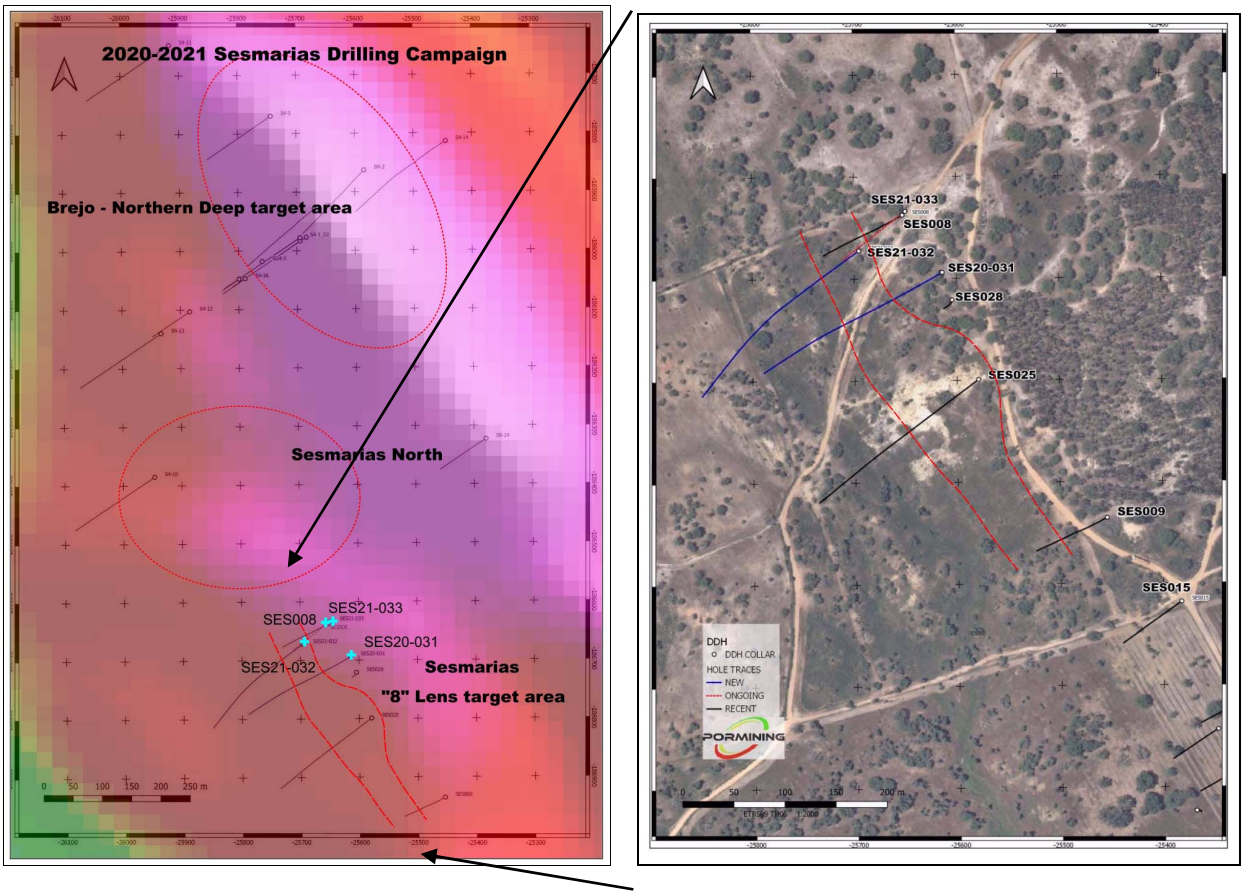
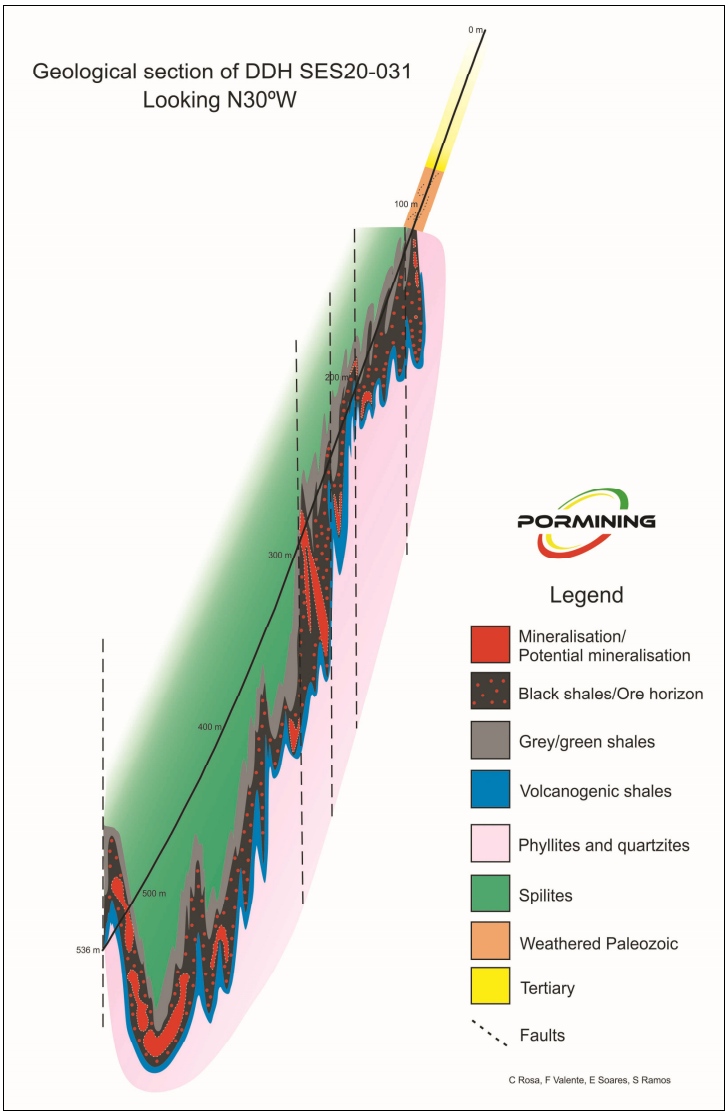


Figure 3. Plan view map of the present drilling area and targets, overlain on top of gravity geophysical information. Sesmarias mineralization is located on the southwest flank of a gravity anomaly only recently explored by Avrupa Minerals and partners. The next obvious target is the strong gravity anomaly in the upper half of the figure. The Brejo (Northern Deep) anomaly is illustrated in Figure 2. We plan to test this target in the near future.

Figure 4. Google Earth enlargement of the Sesmarias "8" Lens target area (outlined in red dashed lines, open to NW/SE and downdip at depth).

SES20-031 targeted potential massive sulfide mineralization related to the SES008 intercept (https://avrupaminerals.com/project/alvalade/). The hole continued to 536 meters depth, in several places intersecting the specific black shale unit that hosts massive sulfide mineralization at Sesmarias and at the Lousal Mine, located six kilometers to the north. Detailed review of the core showed that for its entire length, the drill hole passed through intensely folded rock units of the Volcano-Sedimentary Formation, the general host of mineralization throughout the Iberian Pyrite Belt. Overall, however, the drillhole roughly paralleled the major trend of bedding, allowing only for narrow true widths of mineralized intercepts.



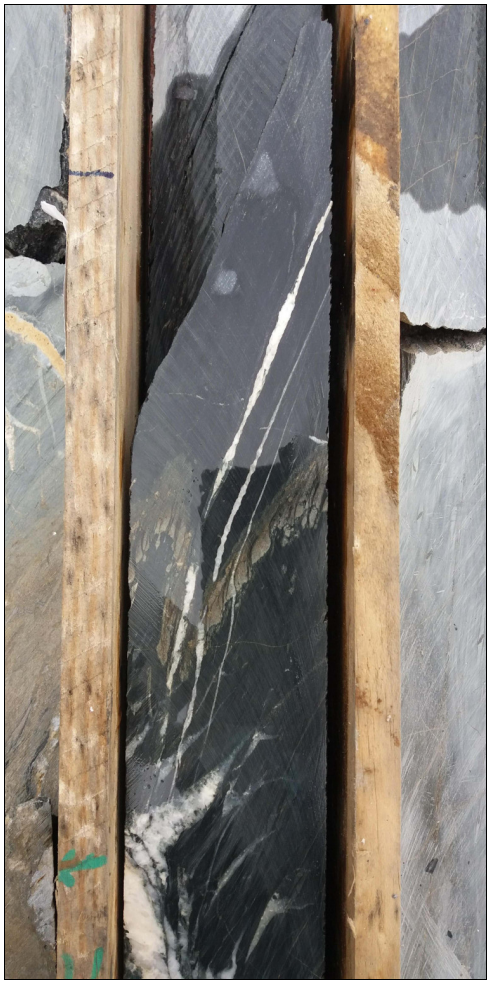


Figure 5. Geological section of SES20-031. Target rocks are noted in red (massive sulfide mineralization) and black (mineral host black shale unit). Previous work by Avrupa suggested that individual massive sulfide lenses were oriented ± vertically, but often dipping steeply to the NE. However, detailed re-logging of Sesmarias area core and subsequent first-logging of SES20-031 lead to the conclusion that intense folding of the limb of a much larger, overall *westerly-dipping* fold system is a realistic reason as to why drilling has not yet cut significant thicknesses of massive sulfide – i.e., the drilling roughly *parallels* the target host unit and never really crosses mineralization at a favorable angle.

Figure 6 is a photograph of a piece of core from SES20-031 (about 20 cm in length). This shows, in miniature, how intensely folded the rocks are in the Sesmarias District, as it directly mimics the larger-scale folding seen in the Sesmarias drill holes. We now see this pattern throughout the entire length of the known mineralization. Design of subsequent follow-up drilling will attempt to take into account the better understanding of the structural complexity of the massive sulfide target.

Figure 5 demonstrates the partial success of the drilling, but also shows that the drillhole skirted or skimmed the main target zone, for the length of the hole. The thickest intercept occurs at 277.70 to 288.45 meters, where drilling skimmed the top of a possible folded/faulted massive sulfide lens. Rocks in the intercept zone are dominantly silica, containing disseminated sulfides,

zones of banded sulfide mineralization, sulfide breccias, and one interval of approximately 0.5 meters of massive sulfide material. The intercept includes a 3.8-meter thick, weakly mineralized fault zone. The following table shows the metals' values of the intercept.

From	To	Total	Copper	Lead
277.70	288.45	10.75	0.19%	0.74%
including				
279.20	281.45	2.25	0.35%	1.73%
281.45	285.25	3.80	*Fault zone*	
285.25	288.45	3.20	0.33%	1.12%

Following the completion of SES20-031, we performed a downhole electromagnetic (DEM) survey which produced a strong conductive response in the rocks located above the path of the drill hole. Using this information, we targeted the second hole in the "8" Lens zone directly at the conductor. **SES21-032** continued to a depth of 338 meters. At 201 to 211 meters, the drill hole passed through the Sesmarias mineral horizon, a zone of weakly pyritic, quartz vein-rich, broken, graphitic gray and black shales which we interpret to be the DEM conductor, and likely to represent a distal zone of potential massive sulfide mineralization in the "8" Lens area. We are now detail-logging the drill hole and sampling the shale zone. The pattern of intense folding and faulting continues in this hole, but it appears that we intersected shale units originally located further away from the main part of the target unit shown in Fig. 5.

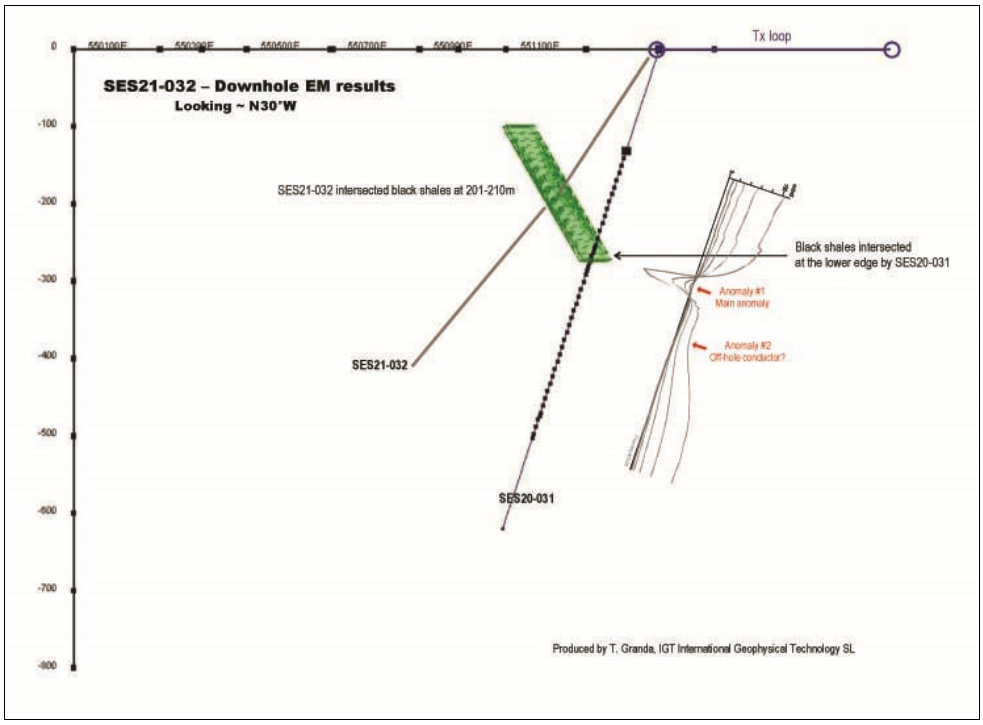


Figure 7. Schematic interpretation of geophysical information obtained in SES20-031 DEM survey. Target, in green, tested by SES21-032, represents the Sesmarias mineral horizon in this sketch. Geological information suggests that mineralization may lie below the trace of SES20-031. The current drill hole, SES21-033, is testing this target below the previously reported massive sulfide mineralization in SES008.

SES21-033 is designed to target potential downdip massive sulfide mineralization beneath SES008 and SES20-031. Further information concerning this hole will be provided upon completion, presently planned for 500 to 600 meters depth.

Following the completion of SES21-033, the Company moved to the northwest of SES008 to potentially increase the strike length of the 8 Lens. At the same time, the geological team continued to assess the historical core in the Brejo area, and started to map geological structures visible in the old Lousal Mine workings. Initial work there clearly shows similarity of ore control characteristics to what we now know about the Sesmarias massive sulfide mineralization. Historical documents and academic studies (non-compliant to NI 43-101 standards) indicate a universal metal resource at the old mine of over 50 million tonnes of massive sulfide material. Review of original mine records by Avrupa demonstrated that less than 20 million tonnes of ore may have actually been extracted from Lousal.

On June 9, 2021, the Company presented an interim progress report covering drilling at the Alvalade Project.

- **Discovery of downdip massive sulfide mineralization on 8 Lens;**
- **3,580 meters drilled to date in seven diamond drill holes on three sections;**
- **Results from SES21-032 through SES21-036 included;**
- **SES21-033: 22.25 meters @ 0.42% Copper, 2.07% Zinc; 1.05% Lead; 0.58 ppm Gold, and 39.3 ppm Silver in semi-massive to massive sulfide mineralization from 363.00 meters to 385.25 meters;**
- **SES21-036: 17.00 meters @ 0.39% Copper; 2.11% Zinc; 1.10% Lead; 0.4 ppm Gold; and 34.1 ppm Silver in semi-massive to massive sulfide mineralization from 406.10 meters to 423.20 meters;**
- **Mineralization in both holes lies within a wider zone of stockwork sulfide veins and replacements in strongly altered black shales and volcanic rocks of the mineral host horizon;**
- **SES21-037: Just completed, targets further downdip potential on Section 000;**
- **SES21-038: Commences on Section 070 S to test strike potential to the south.**

***Section 000*.**

The Company drilled five holes, in different phases of drilling, on Section 000 which includes, from west to east, SES21-032, SES008, SES21-033, SES21-036, and SES21-037. The Company previously reported results for SES008 (May 2014) and SES21-032 (February 2021) along this section, and for SES20-031 on Section 70S (February 2021).

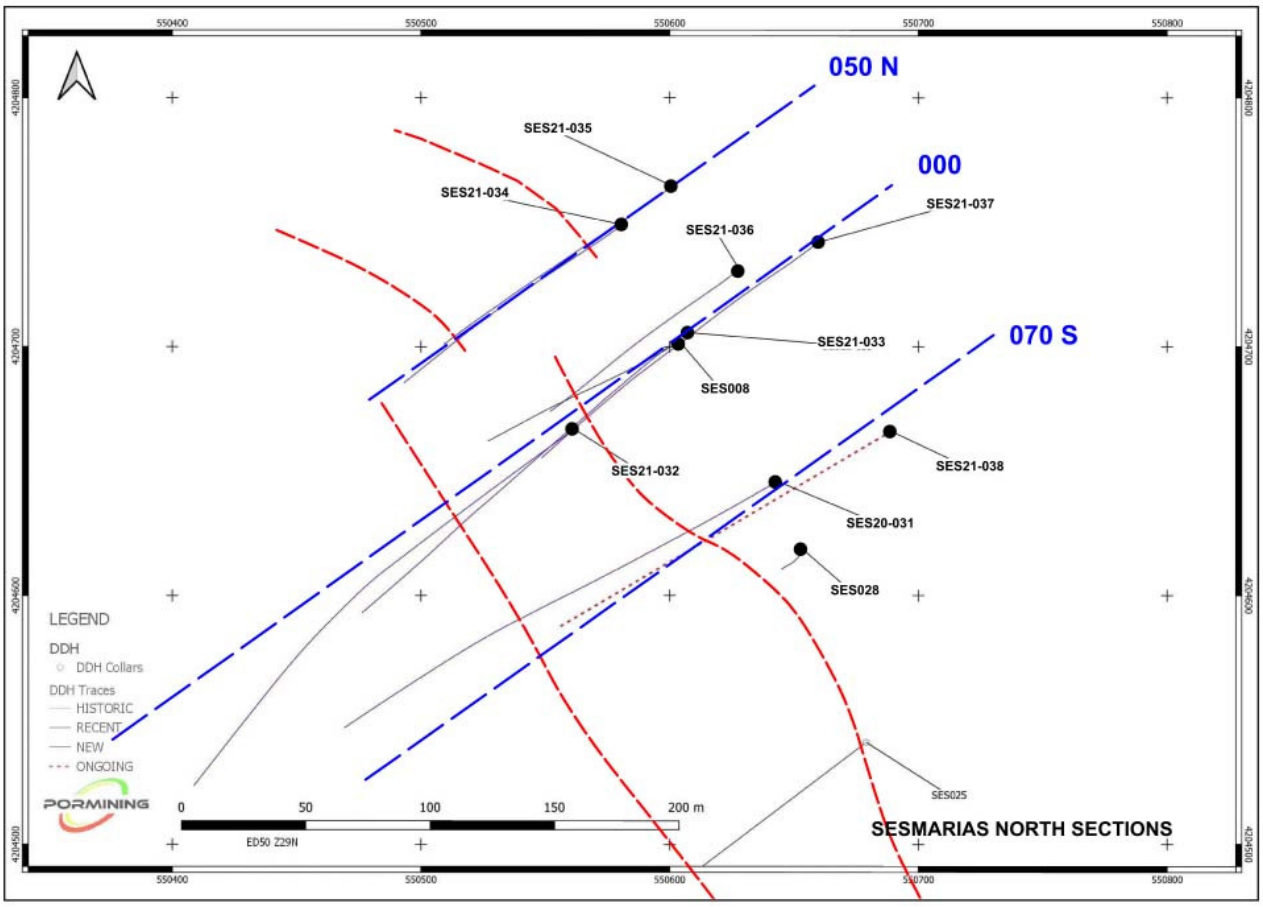


Figure 8. Plan view of Sesmarias North drilling, with cross section lines (in blue) and surface expression of the 8 Lens Target Zone (in red). Drilling is complete on Section 000 for now, and the drill rig has moved southeast to Section 070 S. The new hole, SES21-038, on Section 070 S, targets potential massive sulfide mineralization in a geological position equivalent to mineralization intersected in SES21-033 and 036.

SES21-032. As reported in February 2021, this hole cut the mineral horizon black shales, but above and distal to massive sulfide mineralization, as shown in the cross section below. Results included low anomalous levels of important indicator metals, including arsenic, antimony, manganese, and molybdenum. Copper, lead, and zinc showed weakly elevated levels, as well, suggesting some measure of proximity to massive mineralization in the subsequent drill holes. This kind of geochemical pattern will assist in vectoring towards mineralization in future target areas.

SES008. The Company drilled the 8 Lens discovery hole in 2014, and reported 5.0 meters of 0.64% copper, 0.94% lead, and 1.54% zinc, inside a slightly wider interval of 5.5 meters of 1.17 ppm gold and 36.8 ppm silver. Massive sulfide mineralization lies within a wider zone of 33.1 meters of sulfide-bearing black shales and volcanics. The entire sulfide zone is bounded, top and bottom, by faulting.

SES21-033. Discovery of downdip massive sulfide mineralization of the 8 Lens in SES21-033, collared five meters northeast of SES008. After passing through the upper bounding fault zone,

the hole intercepted 31.4 meters of disseminated, laminated, and stockwork sulfide mineralization, beginning from a depth of 331.6 meters and continuing downwards to 363.0 meters. Total amount of sulfides generally increases with depth, as do anomalous levels of copper, lead, and zinc. Significant copper-lead-zinc mineralization in massive sulfide material begins at 363.0 meters and terminates at 385.25 meters at the lower fault. The complete mineral zone, bounded by faults, totals 53.65 meters.

Meters	From	To	Cu (%)	Zn (%)	Pb (%)	Au (ppm)	Ag (ppm)
22.25	363.00	385.25	0.42	2.07	1.05	0.58	39.3
Incl.	**Best overall zone**						
6.00	375.60	381.60	0.38	4.14	2.04	0.81	63.6
And	**Best copper zone**						
4.65	380.60	385.25	0.66				

Table 1. SES21-033 intercept information.

SES21-036. This hole was collared 30 meters to the northeast of SES21-033. In hole 036, the entire fault-bounded zone of sulfide-bearing black shales and volcanics increases to 80.2 meters, with 17.0 meters of massive sulfide mineralization visible in the core. The hole entered the sulfide mineralized zone at 342.90 meters, with increasing and more intense stockwork mineralization followed by semi-massive sulfides downwards to 406.10 meters. Metal values increase downhole with increased amounts of sulfides. The drillhole passed through semi-massive sulfides at this point, and continued through massive mineralization to 423.10 meters, where it is truncated by a fault. The mass also shows internal higher-grade base metal zonation, as noted in the table below. Further review is necessary to assist in vectoring towards the potential high-grade portions of the deposit.

Meters	From	To	Cu (%)	Zn (%)	Pb (%)	Au (ppm)	Ag (ppm)
17.00	406.10	423.10	0.39	2.11	1.10	0.40	34.1
Incl.	**Best overall zone**						
4.00	411.10	415.10	0.33	4.41	2.26	0.59	51.7
And	**Best copper zone**						
7.00	415.10	422.10	0.47				
And	**Best Zn-Pb-Ag zone**						
2.00	413.10	415.10		5.98	3.34		64.0
And	**Best gold zone**						
4.00	402.10	406.10				1.03	
Total copper zone (semi-massive to massive sulfides)							
56.00	367.10	423.10	0.30			0.42	

Table 2. SES21-036 intercept information. Note copper-gold association over the 56-meter stockwork/semi-massive/massive interval. We see this spatial gold-copper correlation in other holes, as gold appears to act as an indicator metal for close proximity to the massive sulfide mineralization.

SES21-037. To attempt to further increase the downdip projection of the 8 Lens, this hole was collared 30 meters to the northeast of SES21-036 along Section 000. However, the massive sulfide body appears to be thinning with depth, and increased faulting surely complicates the sulfide mineralized zone in SES21-037. Geological review is ongoing. Sampling will

commence upon completion of the review and compilation of the new information. Results will be expected towards the end of June.

Geological and geochemical results from drilling along Section 000 suggest a downdip projection of about 150 meters of massive sulfides on this section, up to 20 meters thick, and lying within a wider package of lower grade stockwork/replacement sulfide mineralization. Results from both a recent mise-a-la-masse geophysical study and a coincident grid geochemical survey covering the overall 8 Lens target area suggest further massive sulfide potential, both to the northwest and to the southeast.

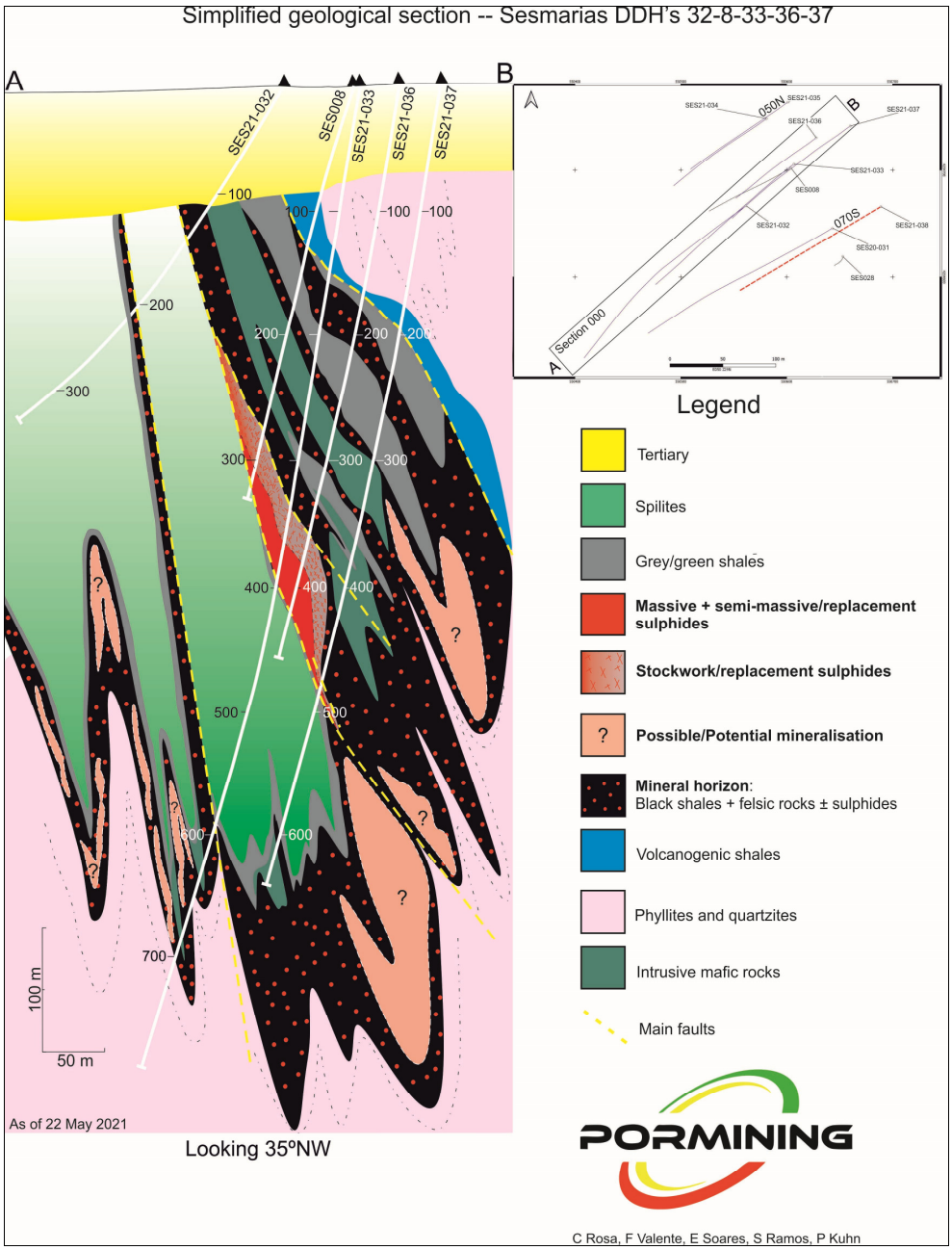


Figure 9. Section 000: Simplified geological section, showing massive sulfides and stockwork zone in SES008, SES21-033, and SES21-036. The Company just completed SES21-037, but has not yet fully reviewed in detail, nor sampled the hole at this time. The work is in progress, and the Company expects results by the end of June. Note that the mineralized zone from SES008 downdip to SES21-036 is bounded by faulting.

Section 070 S.

Previous drilling at SES20-031 and at SES028 suggests that massive sulfide mineralization could continue to the south from Section 000. We collared SES21-038 on Section 070 S to target potential massive mineralization in a similar geological position to the intercepts in SES21-033 and 036. Drilling in SES028, in 2018-19, intercepted a long interval of stockwork mineralization interpreted to lie geologically below potential massive sulfide mineralization. Drilling in SES20-031, late last year, intersected weakly mineralized silica material interpreted to lie geologically above possible massive sulfide mineralization.

Section 050 N.

The Company drilled two holes on Section 050 N, located 50 meters north of Section 000. Prior to drilling we suspected possible east-west faulting between the two sections, with unknown transposition between the north side and south side of the fault.

SES21-034 and **SES21-035.** These two holes targeted the northerly continuation of the 8 Lens in roughly the same geological position of the massive sulfide zone intersected in SES21-033. However, geological complications caused by faulting and folding of the target units appear, for all practical appearances, to have transposed the massive sulfide targets somewhat to the east. As both drill holes now appear to have been collared too far to the west, the results indicate that the Company drilled over the potential massive sulfide zone, just as SES21-032 did in Section 000. SES21-034 crossed mineral horizon gray and black shales with elevated results in indicator metals arsenic and antimony, as well as lead. SES21-035 crossed 12.2 meters of stockwork sulfides in mineral horizon black shales from 333.90 meters to 346.10 meters. Geochemical results show anomalous gold, silver, copper, lead, and zinc levels, as well as elevated indicator metals antimony and arsenic, suggesting close proximity to a potential massive sulfide zone.

Metal	Average	High
Copper	0.08%	0.28%
Zinc	0.42%	1.51%
Lead	0.23%	1.03%
Gold	0.16 ppm	0.61 ppm
Silver	5.96 ppm	33.9 ppm

Table 3. SES21-035 stockwork intercept results are strongly anomalous and suggest potential for nearby massive sulfide mineralization. The Company is planning to drill further on Section 050 N. Given this anomalism and a good understanding of the geology, it is apparent that the next hole on this section should be collared to the northeast of SES21-035, to target northerly extension of the 8 Lens and potential copper-zinc mineralization.

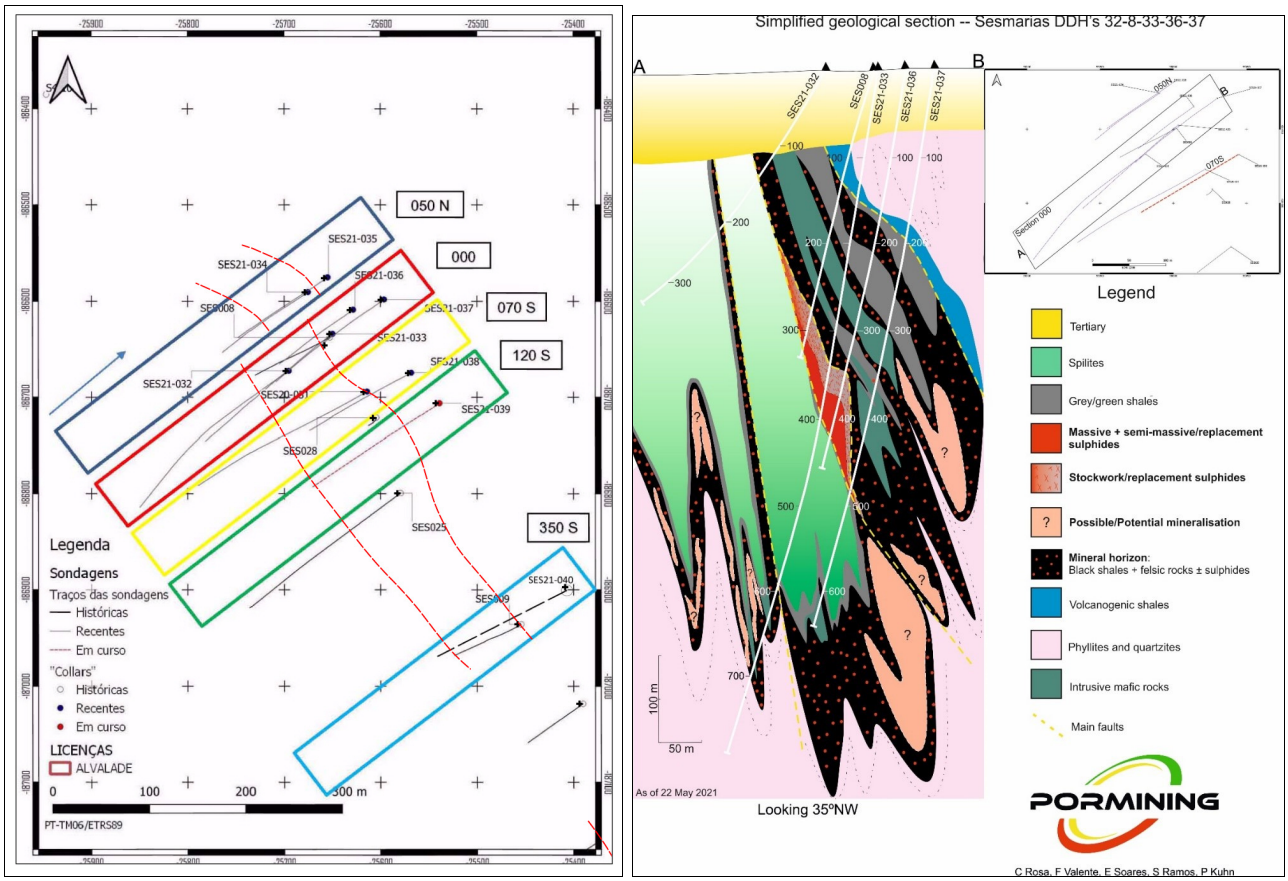
In addition to continued work in the Sesmarias North area around the 8 Lens, the Company anticipates moving forward on exploration targets to the north of the 8 Lens in the Brejo area, as reported in the news release of February 24, 2021. Access to potential drilling sites is permitted now, and we are looking to add a second drill rig to the program in the near future. The Company is also re-mapping the Monte da Bela Vista target area and is in the midst of a 375-sample, grid soil collection program to analyze the material using ultra-trace level analytical techniques in a program to assist in target definition and drill collar location.

On August 12, 2021, the Company provided information concerning drilling progress and the results of a helicopter-supported VTEM geophysical survey performed in January 2021.

- **Drilling continues: 10 holes completed, 5,271.7 meters total;**
- **Results for four holes pending;**
- **VTEM survey provides series of new targets along main mineral trend between Caveira Mine and Lousal Mine.**

Drilling

Visual observation of the drill core indicates that the massive sulfide mineralization continues to the southeast from the 000 section at least to the 350 S section. Thickness of massive sulfide intercepts varies from 4 meters in SES21-037 to 36 meters in SES21-040. For now, we will continue to drill to the southeast. SES21-034 and SES21-035, drilled to the northwest of the 000 section, intercepted sulfides in the mineral horizon, as reported previously (see AVU news release, June 9, 2021), but not massive sulfide mineralization. More drilling on that section, as well as further along to the northwest is planned for later in the summer/fall. The Sesmarias geo-structural exploration model now suggests that the first two holes on the 050 N section were collared too far to the west and drilled over the potential massive sulfide target. Geophysical information, local and regional, and the presence of sulfide mineralization in historic drilling in the Brejo area also supports the potential for more massive sulfide mineralization beyond the 050 N section to the northwest.



Figures 10 and 11. Location of SES north zone drilling and cross section 000, holes 032-008-033-036-037. To date, mineralization has been visually observed from the 050 N section to the 350 S section. Massive sulfide mineralization intercepts, from 4 meters to nearly 40 meters width, is present within wider zones of variable sulfide mineralization from the 000 section to the 350 S section.

Regional Geophysics

The Company commissioned a helicopter-supported VTEM geophysical survey over a portion of the Alvalade license earlier in the year. Initial results highlight a trend of potential targets from the Caveira Mine to the Lousal Mine. Widescale cultural interference in the survey area, caused by a village, railroad tracks, and power lines, made visualization of electromagnetic anomalism particularly difficult in the area between Lousal and Sesmarias. However, the Company has engaged a second geophysical consulting firm to re-process the original data in order to clarify and accentuate the VTEM anomalism by masking the cultural electromagnetic effects on the survey. We expect that information in the next few weeks, around the end of August.

First-pass, ground follow-up suggests that the anomalism follows the main mineral trend on the Alvalade license, and that the anomalism is hosted by the same (or similar) volcano-sedimentary sequence (VS) rocks that host mineralization at Sesmarias, Lousal, and Monte da Bela Vista. The follow-up work for the next few months will include mapping, rock chip sampling and grid soil sampling over the initial target areas, followed by work in the enhanced target

areas presently being developed through the data re-processing procedures. We anticipate this work to be followed by scout drilling with a second drill rig.

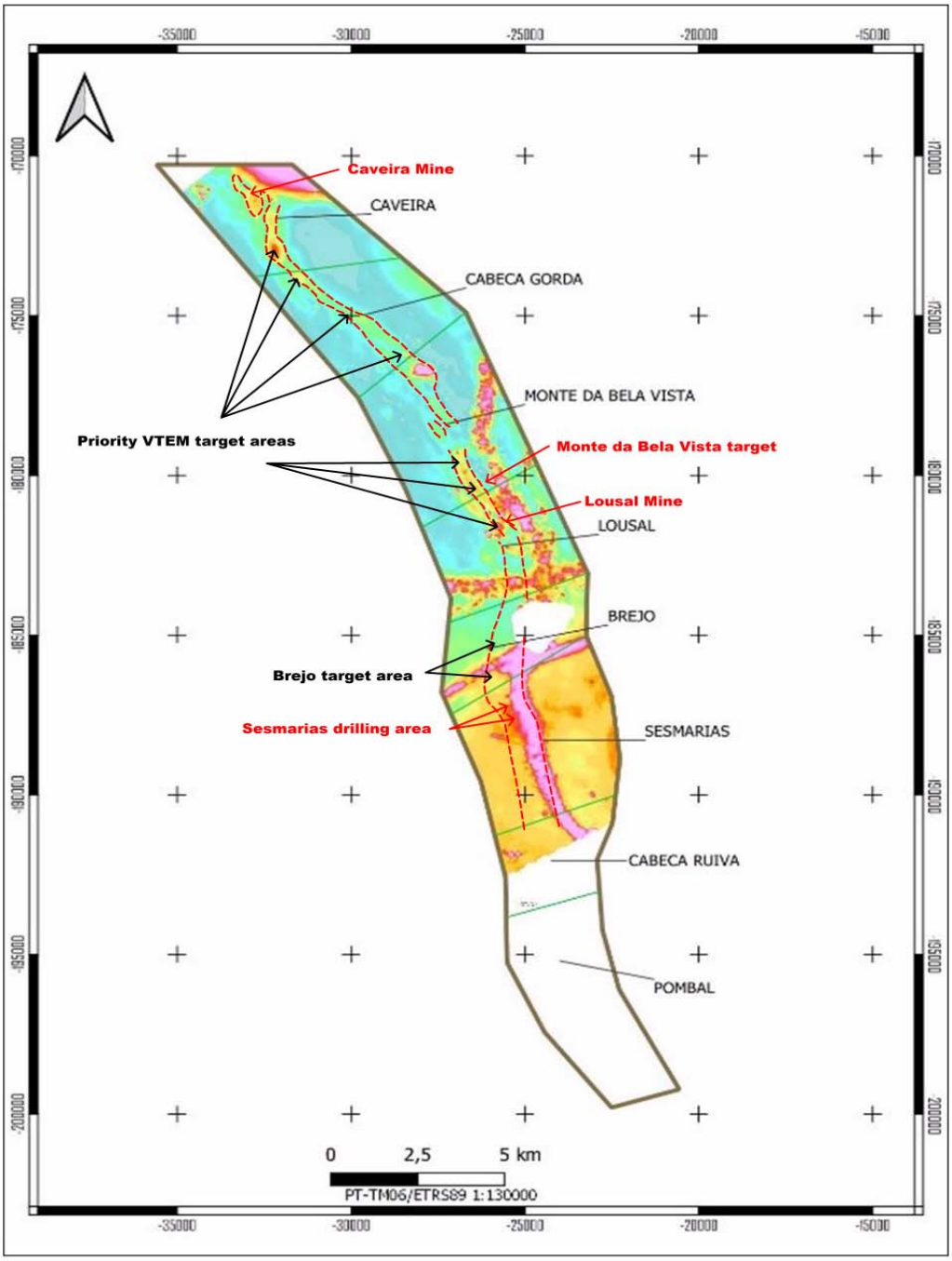


Figure 12. General map of VTEM anomalism, highlighted in dashed red lines. VTEM processing generally defined a number of individual target areas within the main trend. The second round of data processing is expected to enhance the obvious targets and potentially highlight new targets. The strong north-south linear coloration is caused by railroad tracks, while the east-west linears are caused by either tracks or powerlines. The blank polygon in the center is a village, and the general yellow color at the

south end of the survey represents cover of Tertiary gravels over the target horizons. The Cabeça Ruiva and Pombal sectors, in the south, will be flown at a later date.

On August 17, 2021, the Company provided an update on work progress in the Monte da Bela Vista target sector, as well as an update on plans for working at and around the historic Lousal Mine.

- **Drill targeting at Monte da Bela Vista sector underway;**
- **Whole new area at MBV ready for initial drilling;**
- **Compilation/digitization of Lousal Mine data planned for September-October.**

Monte da Bela Vista (MBV)

Following drilling in 2013-14 at MBV, the Company returned to the mineralized area this spring/summer for more detailed mapping and rock chip sampling, and a re-log of the historic core holes, using knowledge gained during the ongoing Sesmarias campaign. The updated geo-structural model, successfully being utilized in the Sesmarias area, is providing new targets at MBV, particularly in the parts of the area where the target mineral horizon is not exposed at the surface (southwest sector). Previous drilling by Avrupa targeted exposed VS mineral horizon rocks (northeast sector) with moderate success, but it appears that the best of the exposed mineral horizon zone may have been eroded away or removed structurally. Combination of results from the VTEM survey, recent mapping and sampling, and an enhanced understanding of the structure and geology, suggests a new, buried and relatively untouched target zone, immediately adjacent to the southwest of the exposed VS mineral horizon rocks, and directly on trend with massive sulfides at the Lousal Mine.

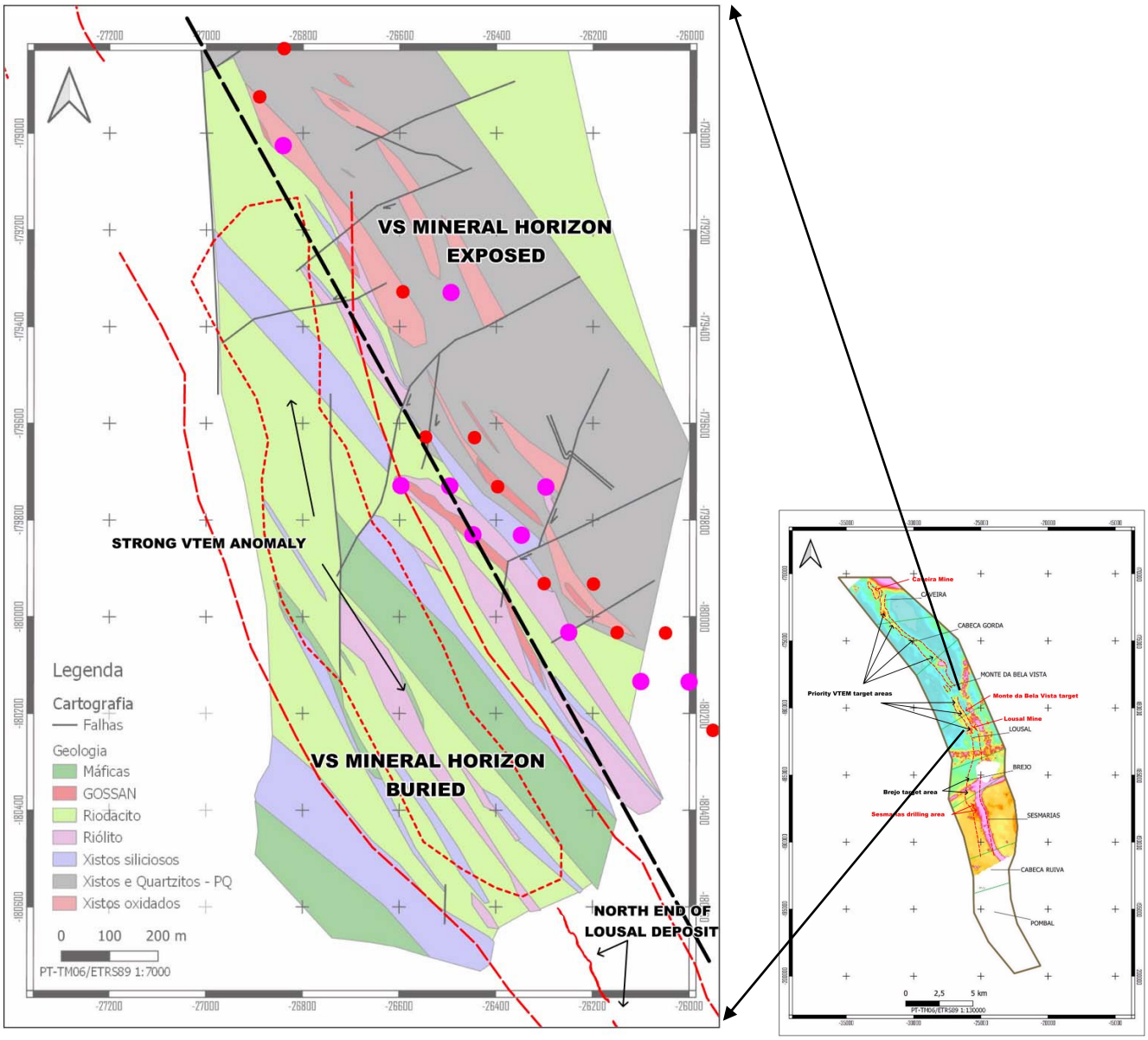


Figure 13. Map of the Monte da Bela Vista target area. Note exposed mineral horizon rocks to the NE side of the dashed line, with strong copper in soils anomalism (100-600 ppm), and buried mineral horizon rocks to the SW, with no strong copper in soils anomalism. However, the strong VTEM anomalism is located in the SW sector, aligned with the northern extension of the Lousal massive sulfide system.

The Company has now finished much of the initial targeting work at MBV with the acquisition of the final tranche of ionic leach soil sampling results. The Company collected 380 soil samples covering the MBV target area, and all geochemical results have returned from the lab. As expected, strong anomalism of target metals and pathfinder elements is present in the exposed mineral horizon sector in the northeast. In the buried mineral horizon sector in the southwest, strong anomalism in lead, barium, and manganese, along with detectable gold and silver anomalism, suggests the potential for buried massive sulfides, particularly along strike

continuation of the Lousal massive sulfide bodies. The presence of a strong VTEM anomaly directly over the geological/geochemical target enhances the interpretation for potentially positive results here. Finalization of the geological mapping in the southwest sector and re-logging of the historic drill core will complete the targeting process, and allow positioning of collar locations for the initial drilling program.

Along with drilling of other targets generated by the VTEM survey (see news release of August 12, 2021), we anticipate the probability of requisitioning a second drill rig for this work during Q3/Q4 2021.

Lousal Mine

Finally, in conjunction with work at Monte da Bela Vista and Sesmarias, we expect to compile and digitize historic data from the Lousal Mine, in order to reconstruct the mine digitally. Knowledge of the workings and mining results will help immensely in defining new targets and extensions of mineralization at the historic mine. Surface geological mapping earlier this year has shown that the complexity of the mineral horizon at Lousal is quite similar to what we see in the Sesmarias district drilling and what we are beginning to see in the field in the MBV area. Complexities emanating from the detailed work at Sesmarias and Monte da Bela Vista pushed back the planned startup of the Lousal targeting work to early-mid September.

Corporate

On March 11, 2021, the Company incorporated a wholly-owned subsidiary AVU Kosova LLC.

QUARTERLY FINANCIAL CONDITION

Capital Resources

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 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 2021. 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 June 30, 2021, the Company had a deficit working capital of $598,524 (December 31, 2020 – $614,342). With respect to working capital, $175,895 was held in cash (December 31, 2020 - $205,238). The decrease in cash was mainly due to the general administrative expenses and exploration work expenses totaling $23,480; (b) purchase of equipment of $3,666; and (c) share issue costs of $2,197.

Operations

For the three months ended June 30, 2021 compared with the three months ended June 30, 2020:

Excluding the non-cash depreciation of $279 (2020 - $3,422), the Company's second quarter general and administrative expenses amounted to $120,698 (2020 - $97,859), an increase of $22,839 mainly due to investor relations of $36,499 (2020 - $5,617) because the Company was actively promoting to its shareholders and potential investors regarding the Company's operating activities as well as its exploration program on its Alvalade property.

During the three months ended June 30, 2021, the Company expensed exploration costs totaling $5,138 including $4,923 on Alvalade and $215 on other projects in Kosovo. During the three months ended June 30, 2020, the Company expensed exploration costs totaling $10,684 including $8,985 on Alvalade and $1,699 on other projects in Kosovo.

During the three months ended June 30, 2021, the Company reported an income of $113,436 (2020 – $194,930), a decrease of $81,494. The net income in both periods is a result of the reimbursements from the optionee of $239,520 (2020 - $306,900). The decrease in net income in fiscal 2021 compared to fiscal 2020 is a result of the increase in general and administrative expenses.

For the six months ended June 30, 2021 compared with the six months ended June 30, 2020:

Excluding the non-cash depreciation of $2,301 (2020 - $6,747), the Company's general and administrative expenses amounted to $248,199 (2020 - $202,935), an increase of $45,264 was mainly due to investor relations of $87,039 (2020 - $20,023) because the Company was actively promoting to its shareholders and potential investors regarding the Company's operating activities as well as its exploration program on its Alvalade property.

During the six months ended June 30, 2021, the Company expensed exploration costs totaling $11,264 including $11,049 on Alvalade and $215 on other projects in Kosovo. During the six months ended June 30, 2020, the Company expensed exploration costs totaling $25,753 including $23,918 on Alvalade and $1,835 on other projects in Kosovo.

During the six months ended June 30, 2021, the Company reported an income of $21,468 (2020 – $71,478), a decrease of income of $50,010. The net income in both periods is a result of the reimbursement from the optionee of $283,169 (2020 - $306,900). The decrease in net income in fiscal 2021 compared to fiscal 2020 is a result of the increase in general and administrative expenses.

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 $6,569 (€4,469), including interest calculated at 5.635%, and maturing on April 5, 2022.

Property deposits:

As of June 30, 2021, the Company had a total of $1,470 (€1,000) (December 31, 2020: $1,561 (€1,000)) 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 estimated that the judicial review process would 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 was 50%. As a result, tax deposits were written down by $41,200 (€28,252) during the year ended December 31, 2019. During 2020, the judicial review ruled that approximately €1,971 VAT remained to be paid while the rest were annulled. The Company accepted this ruling. The Company is still waiting for a trial date regarding the stamp tax and it is estimated that the process can take another three to four years.

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 April 28, 2021 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 June 30, 2021:

	Issued and Outstanding	
	June 30, 2021	August 26, 2021
Common shares outstanding	32,738,087	32,738,087
Stock options	1,227,000	1,227,000
Warrants	8,834,641	8,834,641
Fully diluted common shares outstanding	42,799,728	42,799,728

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.