AVRUPA MINERALS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2022, 2021 AND 2020

AVRUPA MINERALS LTD.

Contents

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
www.devissergray.com
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, 2022 and 2021 and the consolidated statements of comprehensive loss, changes in (deficiency)/equity and cash flows for the years ended December 31, 2022, 2021 and 2020, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'consolidated financial statements'). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021 and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that it will be necessary for the Company 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. 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.

This issue also constitutes, from our perspective, a critical audit matter that was communicated to the audit committee and that: (i) relates to accounts or disclosures that are material to the consolidated financial statements; and (ii) involved, on our part, especially challenging, subjective, or complex judgements. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating this critical audit matter, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

The principal considerations for our determination that the going concern uncertainty was a critical audit matter were: (i) that the formal reporting of such uncertainty involves a significant disclosure, the absence of which could constitute a material misstatement to a financial statement reader and, (ii) that, at the same time, it involves on our part the use of a high level of subjective judgement as we are required to consider the possible impact of future events that cannot currently be known and which in all likelihood will not be directly linked to any particular current or future financial results and reporting, or the lack thereof.

Addressing this matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures also included, among others, (i) obtaining and evaluating management's assessment of the Company's ability to remain a going concern; (ii) determining based on all other evidence available to us whether management's assessment appeared to be fair and reasonable in the circumstances and, (iii) considering whether the resultant disclosure of these matters herein was consistent with the foregoing, in the context of the Company's overall business activities, objectives and financial history.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter
A critical audit matter was communicated above under 'Going Concern'.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
April 28, 2023

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	2022	2021
Assets			
Current assets			
Cash		$ 307,531	$ 139,164
Prepaid expenses and advances		9,376	245
Due from optionee	5	12,811	12,751
Advance to related party	9	22,323	-
Sales tax receivables		3,627	1,769
Other receivables		10,713	7,226
		366,381	161,155
Non-current assets			
Property deposits	6	1,446	1,439
Tax deposits	6	41,201	41,201
Exploration and evaluation assets	5	167,920	167,920
Equipment	4	2,602	2,090
Investment in PorMining	5	765	765
Advance to Akkerman Finland OY	7	282,400	-
Deposit - Akkerman Finland OY	7	-	14,155
Investment in Akkerman Finland OY	7	258,532	-
		754,866	227,570
Total assets		$ 1,121,247	$ 388,725
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 100,930	$ 130,019
Due to related parties	9	108,006	671,019
Current portion of long-term loan	10	-	2,524
		208,936	803,562
Shareholders' equity/(deficiency)			
Share capital	8	10,990,255	9,994,487
Reserves	8	7,641,733	6,980,564
Deficit		(17,719,677)	(17,389,888)
		912,311	(414,837)
Total shareholders' equity/(deficiency) and liabilities		$ 1,121,247	$ 388,725

These consolidated financial statements are authorized for issue by the Board of Directors on April 28, 2023. They are signed on the Company's behalf by:

/s/Paul W. Kuhn
Director

/s/Mark T. Brown
Director

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

	Note	2022	2021	2020
Mineral exploration expenses				
Mineral exploration expenses	5	$ 72,329	$ 24,952	$ 80,343
Reimbursements from optionee	5	(402,343)	(483,950)	(434,982)
		330,014	458,998	354,639
General administrative expenses				
Bank charges		649	630	974
Bad debt expenses		-	10,679	-
Consulting fees, wages and benefits	9	165,955	167,170	192,577
Depreciation		1,923	3,143	13,303
Investor relations		109,270	120,869	94,314
Listing and filing fees		14,881	7,068	8,035
Office and administrative fees		15,676	32,703	18,468
Professional fees	9	175,500	109,079	129,511
Rent	9	11,308	11,866	10,200
Share-based payment	9	98,123	-	-
Transfer agent fees		13,971	10,971	18,648
Travel		9,811	1,109	8,329
		(617,067)	(475,287)	(494,359)
Other items				
Foreign exchange gain		17,630	61	802
Interest income and other income		2,607	-	8
Loss on investment in Akkerman Finland OY	7	(62,973)	-	-
Write-off of payables		-	10,231	-
Write-down of exploration and evaluation assets	5	-	-	(1)
		(42,736)	10,292	809
Net loss for the year		(329,789)	(5,997)	(138,911)
Exchange difference arising on the translation of foreign subsidiaries		(11,320)	(8,111)	(16,786)
Comprehensive loss for the year		$ (341,109)	$ (14,108)	$ (155,697)
Basic and diluted loss per share	11	$ (0.01)	$ (0.00)	$ (0.00)

(Presented in Canadian Dollars)

	Share capital		Reserves						
	Number of shares	Amount	Warrants	Finder's options	Equity-settled employee benefits	Exchange	Subtotal	Deficit	Total shareholders' (deficiency) / equity
Balance as at December 31, 2019	**28,518,446**	**$ 9,733,139**	**$ 5,181,972**	**$ 277,893**	**$ 1,298,472**	**$ 24,044**	**$ 6,782,381**	**$ (17,244,980)**	**$ (729,460)**
Share issues:									
Shares issued for private placements	4,219,641	283,277	223,080	-	-	-	223,080	-	506,357
Share issue costs	-	(21,537)	-	-	-	-	-	-	(21,537)
Comprehensive loss	-	-	-	-	-	(16,786)	(16,786)	(138,911)	(155,697)
Balance as at December 31, 2020	32,738,087	$ 9,994,879	$ 5,405,052	$ 277,893	$ 1,298,472	$ 7,258	$ 6,988,675	$ (17,383,891)	$ (400,337)
Share issues:									
Share issue costs	-	(392)	-	-	-	-	-	-	(392)
Comprehensive loss	-	-	-	-	-	(8,111)	(8,111)	(5,997)	(14,108)
Balance as at December 31, 2021	32,738,087	9,994,487	5,405,052	277,893	1,298,472	(853)	6,980,564	(17,389,888)	(414,837)
Share issues:									
Shares issued for private placement	16,666,667	695,475	554,525	-	-	-	554,525	-	1,250,000
Share issue costs	-	(80,257)	-	19,841	-	-	19,841	-	(60,416)
Shares issued for debt settlement	3,800,000	285,000	-	-	-	-	-	-	285,000
Shares issued for investment in Akkerman Finland OY	1,470,000	95,550	-	-	-	-	-	-	95,550
Share-based payment	-	-	-	-	98,123	-	98,123	-	98,123
Comprehensive loss	-	-	-	-	-	(11,320)	(11,320)	(329,789)	(341,109)
Balance as at December 31, 2022	**54,674,754**	**$ 10,990,255**	**$ 5,959,577**	**$ 297,734**	**$ 1,396,595**	**$ (12,173)**	**$ 7,641,733**	**$ (17,719,677)**	**$ 912,311**

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

	2022	2021	2020
Cash flows from operating activities			
Net loss for the year	$ (329,789)	$ (5,997)	$ (138,911)
Items not involving cash:			
Depreciation	1,923	3,143	13,303
Bad debt expenses	-	10,679	-
Loss on investment in Akkerman Finland OY	62,973	-	
Share-based payment	98,123	-	-
Write-off of payables	-	(10,231)	-
Write-down of exploration and evaluation assets	-	-	1
Changes in non-cash working capital items:			
Sales tax receivables	(1,858)	20,153	(4,880)
Due from optionee	-	48,498	(27,355)
Advance to related party	(22,323)	-	-
Prepaid expenses and advances	(9,131)	54,521	(23,432)
Other receivables	(3,070)	10,589	602
Accounts payable and accrued liabilities	(29,089)	(20,511)	(363,267)
Accounts payable owed by optionees	-	(61,249)	29,627
Due from/to related parties	(278,013)	(83,277)	188,949
Exchange difference arising on the translation of foreign subsidiaries	(11,696)	(8,498)	(18,839)
Net cash used in operating activities	(521,950)	(42,180)	(344,202)
Cash flows from investing activities			
Investment in PorMining	-	-	(765)
Investment in Akkerman Finland OY	(211,800)	-	
Deposit - Akkerman Finland OY	-	(14,155)	-
Advance to Akkerman Finland OY	(282,400)	-	-
Property deposits	-	-	15,939
Purchase of equipment	(5,067)	(7,542)	(7,452)
Net cash provided by (used in) investing activities	(499,267)	(21,697)	7,722
Cash flows from financing activities			
Proceeds from issuance of common shares	1,250,000	-	506,357
Share issue costs	(60,416)	(2,197)	(22,982)
Net cash provided by (used in) financing activities	1,189,584	(2,197)	483,375
Change in cash for the year	168,367	(66,074)	146,895
Cash, beginning of the year	139,164	205,238	58,343
Cash, end of the year	$ 307,531	$ 139,164	$ 205,238

Supplemental disclosure with respect to cash flows (Note 13)

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 10th floor, 595 Howe Street, Vancouver, BC, Canada, V6C 2T5. 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 ('FVPL"). 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, 2022.

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	100%	Portugal	Exploration
Innomatik Exploration Kosovo LLC	100%	Kosovo	Exploration
AVU Kosova LLC	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
Akkerman Finland OY (2)	49%	Finland	Exploration

(1) The companies are in the process of being wound up.
(2) This company is accounted for using the equity method.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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) Earnings (Loss) per share

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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>

1. 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;
2. 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;
3. The determination that the Company will continue as a going concern for the next year; and
4. The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting.
    - The Company's interest in PorMining is less than 50%, therefore it does not have the current ability to control the key operating activities of the company. Pursuant to the Shareholders' Agreement entered into by the companies, MAEPA, a wholly-owned subsidiary of the Company, was appointed operator during the Phase I period and the board of directors of PorMining is comprised of three directors appointed by EUL and two by MAEPA. The operator prepares and submits annual budgets and programs to the board for approval. Management has determined that the Company does not have significant influence over PorMining. Accordingly, the investment in PorMining is accounted for at cost and not as an investment in associate (Note 5).
    - The Company's interest in AFOy is less than 50%, therefore it does not have the current ability to control the key operating activities of the company. However, pursuant to the Share Purchase Agreement entered into by the companies, the board of directors of AFOy is comprised of one director appointed by the Company and one director by AEBv. Despite the operator being AEBv, the Company provides the necessary funding as part of the earn-in and therefore can influence AFOy's annual budgets and exploration programs. Management has determined that the Company has significant influence over AFOy and accordingly, the investment in AFOy is accounted for as an investment in associate (Note 7).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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 optionee, advance to related party, certain other receivables and property deposits.

The following financial liabilities are classified as measured at amortized cost – accounts payable and accrued liabilities and due to related parties.

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.

l) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2022 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- Presentation of financial statements

An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

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

(Presented in Canadian Dollars)

4. EQUIPMENT

	Furniture and other equipment	Vehicles	Other assets	Total
Cost				
As at January 1, 2021	$ 124,225	$ 41,985	$ 23,295	$ 189,505
Additions during the year	257	-	-	257
Exchange adjustment	(9,687)	(3,273)	(1,816)	(14,776)
As at December 31, 2021	114,795	38,712	21,479	174,986
Additions during the year	2,531	-	-	2,531
Exchange adjustment	535	180	100	815
As at December 31, 2022	$ 117,861	$ 38,892	$ 21,579	$ 178,332
Accumulated depreciation				
As at January 1, 2021	$ 120,677	$ 40,237	$ 23,295	$ 184,209
Depreciation for the year	1,481	1,662	-	3,143
Exchange adjustment	(9,453)	(3,187)	(1,816)	(14,456)
As at December 31, 2021	112,705	38,712	21,479	172,896
Depreciation for the year	1,923	-	-	1,923
Exchange adjustment	631	180	100	911
As at December 31, 2022	$ 115,259	$ 38,892	$ 21,579	$ 175,730
Net book value				
As at January 1, 2021	$ 3,548	$ 1,748	$ -	$ 5,296
As at December 31, 2021	$ 2,090	$ -	$ -	$ 2,090
As at December 31, 2022	$ 2,602	$ -	$ -	$ 2,602

(Presented in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

	Portugal		Kosovo		Others	
	Alvalade	Others	Slivovo	Others		Total
Exploration and evaluation assets						
Acquisition costs						
As of January 1, 2022	$ 167,920	$ -	$ -	$ -	$ -	$ 167,920
As of December 31, 2022	$ 167,920	$ -	$ -	$ -	$ -	$ 167,920
Mineral exploration expenses for the year ended December 31, 2022						
Concession fees and taxes	$ -	$ -	$ 8,666	$ -	$ -	$ 8,666
Geological salaries and consulting	23,066	-	24,548	-	-	47,614
Insurance	698	-	-	-	-	698
Office and administrative fees	108	-	1,005	-	-	1,113
Rent	-	-	7,396	-	-	7,396
Site costs	2	-	2,123	-	-	2,125
Travel	1,777	-	2,940	-	-	4,717
Reimbursements from optionee	(348,277)	-	(54,066)	-	-	(402,343)
	$ (322,626)	$ -	$ (7,388)	$ -	$ -	$ (330,014)
Cumulative mineral exploration expenses since acquisition						
Assaying	$ -	$ -	$ 297,975	$ 65,936	$ 10,846	$ 374,757
Concession fees and taxes	361,864	693,608	20,505	206,975	4	1,282,956
Depreciation	17,178	98,722	-	-	-	115,900
Drilling	610,197	472,513	1,180,217	-	-	2,262,927
Geological salaries and consulting	6,560,881	6,317,147	144,349	720,879	12,359	13,755,615
Geology work	-	32,377	891,582	402,515	364,525	1,690,999
Insurance	25,320	52,112	14,604	15,007	-	107,043
Legal and accounting	1,020	1,244	58,158	13,958	-	74,380
Office and administrative fees	254,058	279,739	81,228	101,624	68,446	785,095
Rent	606,084	596,896	36,090	88,221	20,560	1,347,851
Report	-	-	24,232	-	-	24,232
Site costs	194,205	244,377	187,250	194,582	8,865	829,279
Travel	241,444	247,277	63,047	22,478	15,326	589,572
Trenching and road work	-	-	34,339	-	-	34,339
Reimbursements from optionee	(8,961,049)	(4,890,826)	(2,889,052)	(45,158)	-	(16,786,085)
	$ (88,798)	$ 4,145,186	$ 144,524	$ 1,787,017	$ 500,931	$ 6,488,860

(Presented in Canadian Dollars)

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

	Portugal		Kosovo		Others	
	Alvalade	Others	Slivovo	Others		Total
Exploration and evaluation assets						
Acquisition costs						
As of January 1, 2021	$ 167,920	$ -	$ -	$ -	$ -	$ 167,920
As of December 31, 2021	$ 167,920	$ -	$ -	$ -	$ -	$ 167,920
Mineral exploration expenses for the year ended December 31, 2021						
Geological salaries and consulting	$ 22,203	$ -	$ -	$ -	$ -	$ 22,203
Insurance	449	-	-	-	-	449
Travel	2,300	-	-	-	-	2,300
Reimbursements from optionee	(483,950)	-	-	-	-	(483,950)
	$ (458,998)	$ -	$ -	$ -	$ -	$ (458,998)
Cumulative mineral exploration expenses since acquisition						
Assaying	$ -	$ -	$ 297,975	$ 65,936	$ 10,846	$ 374,757
Concession fees and taxes	361,864	693,608	11,839	206,975	4	1,274,290
Depreciation	17,178	98,722	-	-	-	115,900
Drilling	610,197	472,513	1,180,217	-	-	2,262,927
Geological salaries and consulting	6,537,815	6,317,147	119,801	720,879	12,359	13,708,001
Geology work	-	32,377	891,582	402,515	364,525	1,690,999
Insurance	24,622	52,112	14,604	15,007	-	106,345
Legal and accounting	1,020	1,244	58,158	13,958	-	74,380
Office and administrative fees	253,950	279,739	80,223	101,624	68,446	783,982
Rent	606,084	596,896	28,694	88,221	20,560	1,340,455
Report	-	-	24,232	-	-	24,232
Site costs	194,203	244,377	185,127	194,582	8,865	827,154
Travel	239,667	247,277	60,107	22,478	15,326	584,855
Trenching and road work	-	-	34,339	-	-	34,339
Reimbursements from optionee	(8,612,772)	(4,890,826)	(2,834,986)	(45,158)	-	(16,383,742)
	$ 233,828	$ 4,145,186	$ 151,912	$ 1,787,017	$ 500,931	$ 6,818,874

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

Portugal

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

Alvalade:

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, Unipessoal Lda. ("PorMining") was incorporated on December 17, 2019 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".

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.

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 effective date of the Transaction is the date that PorMining receives (received on June 15, 2020) 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.

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

Alvalade: *(Continued)*

Phase I – First Option

During Phase I, MAEPA granted 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 (issued on June 15, 2020) of the Experimental Exploitation License (the "EEL") by DGEG to PorMining. EUL's right to maintain its 51% interest is conditional upon MATSA:

- Paying €400,000 to the Company on or before the effective date (€200,000 was received in December 2019 and the remaining €200,000 was received in June 2020);
- 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 (funded €100,000 in June 2020); 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 [met] and €1,200,000 in the next 24 months [met]) on or before three years from the effective date or the issue of the EEL.

Effectively in March 2022, MATSA completed the Phase I First Option by funding a total of €2,500,000 on the Alvalade project, including the €100,000 guarantee with DGEG, and EUL unconditionally earned the 51% interest in PorMining.

During Phase I, MAEPA acted as the operator of the mineral rights with PorMining paying MAEPA an operator's fee equal to €100,000 per year, paid monthly starting June 16, 2020, funded by MATSA and which formed 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.

Upon the completion of Phase I, MATSA and PorMining continued with having MAEPA acting as the operator and PorMining continued paying the operator's fee. During the year ended December 31, 2022, MAEPA received €100,000 ($136,960) operator's fee where the fund was included in reimbursements from optionee.

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

Alvalade: *(Continued)*

Phase II – Second Option

Phase II commenced 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 granted 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 met shall be extended to a maximum of two additional years, for a total of seven years after the issuance of the original EEL;
- Making proper application for a mining license before the end of the term of the EEL; and
- Making all progress payments to Antofagasta 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.

As of December 31, 2022, MATSA funded €931,000 on the Alvalade project Phase II – Second Option. Subsequently, MATSA funded another €528,000 on the Alvalade project in Phase II.

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 continue to be governed by the shareholder's agreement.

(Presented in Canadian Dollars)

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

Alvalade: *(Continued)*

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.

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.

	December 31, 2022	December 31, 2021
Due from optionee		
Alvalade - PorMining	$ 12,811	$ 12,751
	$ 12,811	$ 12,751

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

Kosovo

Slivova (formerly Slivovo) license:

Byrnecut International Limited ("Byrnecut") 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 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 was subsequently diluted to below 10%, resulting in the Company's interest in Peshter Mining being converted into a 2% Net Smelter Return.

On December 31, 2019, the Company wrote down its interest in Slivovo by $143,154 to $1 as the Company was in negotiations with the Kosovo Mining Bureau, along with Byrnecut and Peshter Mining as to how to possibly extend the life of this license. During fiscal 2020, Byrnecut decided not to proceed with advancing Slivovo. Rather than dropping the license and potentially allowing a third party to stake the open land, Innomatik Exploration Kosovo LLC ("IEK"), Byrnecut and Peshter Mining entered into a binding term sheet (the "TS") whereby the parties set out the terms on which Peshter Mining would surrender the existing tenements, thereby enabling IEK to apply, as sole beneficial owner, for one or more tenements over the entirety of the tenement area. The license was officially released back to the government. As of December 31, 2020, the Company wrote off $1.

In March 2021, the Company incorporated a wholly-owned subsidiary, AVU Kosova LLC, to apply for a new Slivovo exploration permit. In May 2022, the Company received a seven-year exploration permit known as the Slivova license.

As consideration for Byrnecut ensuring that Peshter Mining complies with its obligations under the TS, IEK must pay to Byrnecut milestone cash payments totaling €375,000 and milestone gold payments totaling 850 troy ounces of gold (together known as "Success Payments") as follows:

Cash

- €125,000 within 30 days of the first to occur of the completion of a positive bankable feasibility study or the board of directors of IEK making a decision to proceed with the development of a commercial mining operation in respect of all or any part of the tenement area;
- €125,000 within 30 days of issue of a mining license in respect of all or any party of the tenement area; and
- €125,000 within 30 days of commencement of construction of a mine within the tenement area.

Gold

- 100 troy ounces within 30 days of commencement of commercial production ("CCP");
- 175 troy ounces within 30 days of the one-year anniversary of CCP;
- 250 troy ounces within 30 days of the two-year anniversary of CCP; and
- 325 troy ounces within 30 days of the three-year anniversary of CCP.

On August 24, 2022, the Company and Western Tethyan Resources ("WTR") entered into an Option Agreement (the "Agreement") in respect of the Slivova project. WTR is a private exploration company and is 75% owned by London AIM-listed Ariana Resources PLC. Pursuant to the Agreement, WTR can earn up to an 85% interest in the Slivova project. The terms of the Agreement are:

(Presented in Canadian Dollars)

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

Kosovo *(Continued)*

Slivova (formerly Slivovo) license: *(Continued)*

Date/Period	Expenditures	Option Payment	Earn-In %
On September 1, 2022 (Effective Date)	None	€35,000 (received)	
On or before March 1, 2023	€100,000 (spent subsequently)	None	
On March 1, 2023	None	€35,000 [1]	
On or before September 1, 2023	€150,000	€30,000	
On or before September 1, 2024	€650,000	None	51% (Stage 1)
On or before September 1, 2025	€1,000,000	None	75% (Stage 2)

[1] The Company and WTR are working on the definitive agreement and the amount was received on March 6, 2023.

During fourth and fifth year from the Effective Date (Stage 3), WTR must complete the Environmental Impact Study (“EIS”), Feasibility Study (“FS”), and Mining License application to earn-in 85% interest in the project.

During Stage 4, WTR will complete Success Payments to previous JV partner, Byrnecut (see “TS” above).

During Stage 5, the Company will participate in the mine build or dilute to 1% Net Smelter Return (“NSR”).

6. PROPERTY DEPOSITS / TAX DEPOSITS

Property deposits:

As of December 31, 2022, the Company had a total of $1,446 (€1,000) (December 31, 2021: $1,439 (€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.

(Presented in Canadian Dollars)

7. ADVANCE, DEPOSIT AND INVESTMENT IN AKKERMAN FINLAND OY

On February 25, 2022, the Company signed a Share Purchase Agreement with Akkerman Exploration B.V. ("AEbv") to acquire up to a 100% ownership interest in Akkerman Finland OY ("AFOy"), an entity holding certain mineral rights (the "Property") in Finland.

The acquisition terms are as follow:

- The Company can earn an initial 49% interest in AFOy in Stage One by issuing 1,470,000 common shares (issued at a value of $95,550), paying €150,000 ($211,800) into AFOy for the purpose of paying existing shareholder loans (paid), and depositing €200,000 ($282,400) into a dedicated account (paid), to be spent on exploration expenditures during the period between the completion of Stage One and the completion of Stage Two. The €200,000 ($282,400) was recorded as an advance to AFOy as of December 31, 2022.

- As a Stage Two earn-in, the Company has the option, for a period of 12 months from the date of completion of Stage One, to acquire the remaining 51% interest in AFOy, bringing their total interest to 100%. The Company can exercise the Stage Two option by issuing a further 1,530,000 common shares, paying an additional €15,000 for the purposes of paying existing shareholder loans and accrued interest, and depositing an additional €200,000 into a dedicated account for further exploration expenditures. The option to acquire additional 51% interest expired on March 3, 2023. The Company is currently working with AEbv to defer the payments and share issuances regarding this Stage Two earn-in.

During the period between Stage One and Stage Two, the Company will be the operator for all mining work conducted on the Property. During this same period, the Company and AEbv will form a technical committee comprised of one representative from each party, with AEbv's representative having the casting vote.

In connection with this transaction, during December 2021, the Company paid a €10,000 ($14,155) non-refundable deposit upon signing the initial letter agreement. This amount has been recorded as a deposit on the statement of financial position as at December 31, 2021. Upon signing the definitive agreement, the deposit was reclassified as Investment in AFOy.

As at December 31, 2022, the Company holds a 49% interest in AFOy (December 31, 2021 – 0%). The investment in associate was assessed for impairment indicators relating to the underlying assets of AFOy in accordance with IAS 36 and IFRS 6.

Investment in AFOy as at January 1, 2021		$	-
Non-refundable deposit			14,155
Investment in AFOy as at December 31, 2021			14,155
Payment - initial 49% interest			211,800
Issued shares - initial 49% interest	Note 8(b)(iii)		95,550
Loss on investment in AFOy			(62,973)
Investment in AFOy as at December 31, 2022		$	258,532

The year ended December 31, 2022 calculation for the Investment in AFOy is as follows:

AFOy's net loss from January 1, 2022 to December 31, 2022	$	128,517
The Company's ownership % from January 1, 2022 to December 31, 2022		49%
Share of loss of an associate for the year ended December 31, 2022	$	62,973

(Presented in Canadian Dollars)

7. ADVANCE, DEPOSIT AND INVESTMENT IN AKKERMAN FINLAND OY *(Continued)*

The following table illustrates the summarized financial information of AFOy:

		December 31, 2022
Current assets	$	101,996
Non-current assets		263,796
Current liabiities		4,264
Non-current liabilities		527,717
Loss for the year		128,517

8. CAPITAL AND RESERVES

(a) Authorized:

At December 31, 2022, 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 consolidation

On December 21, 2020, the Company consolidated its share capital on the basis of one new share for every 4 old shares. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

(c) Share issuances:

i. On October 23, 2020, the Company completed a non-brokered private placement by issuing 4,219,641 units ("Unit") at a price of $0.12 per Unit for gross proceeds of $506,357. 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 $0.20 until October 23, 2023. The warrants were ascribed a value of $223,080.

In connection with the financing, a total of $21,537 share issue costs were incurred.

ii. On February 28, 2022, the Company completed a non-brokered private placement by issuing 16,666,667 units ("Unit") at a price of $0.075 per Unit for gross proceeds of $1,250,000. 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 $0.125 until February 28, 2025. The warrants were ascribed a value of $554,525. The Company paid finder's fee of $30,938 and issued 412,500 finder's warrants. Each finder's warrant is exercisable into one common share at $0.075 until August 28, 2023. These finder's warrants were ascribed a value of $19,841. The Company incurred additional share issue costs in the amount of $29,478 in connection with the financing.

iii On February 28, 2022, the Company issued 3,800,000 shares at a price of $0.075 per share to settle outstanding debt for $285,000.

iv On March 3, 2022, the Company issued 1,470,000 shares to earn an initial 49% interest in AFOy (Note 7).

(Presented in Canadian Dollars)

8. CAPITAL AND RESERVES *(Continued)*

(d) 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.

On December 21, 2020, the Company's stock options were consolidated on a 4 for 1 basis and the exercised prices were reflected as such (Note 8(b)).

Stock option transactions and the number of stock options for the year ended December 31, 2022 are summarized as follows:

Expiry date	Exercise price	December 31, 2021	Granted	Exercised	Expired/ cancelled	December 31, 2022
April 26, 2022	$0.40	327,500	-	-	(327,500)	-
March 14, 2023 [(1)]	$0.40	450,000	-	-	-	450,000
March 26, 2023 [(1)]	$0.40	10,000	-	-	-	10,000
January 7, 2024	$0.20	45,750	-	-	-	45,750
March 14, 2027	$0.08	-	1,575,000			1,575,000
Options outstanding		833,250	1,575,000	-	(327,500)	2,080,750
Options exercisable		833,250	1,575,000	-	(327,500)	2,080,750
Weighted average exercise price		$0.39	$0.08	$Nil	$0.40	$0.15

[(1)] Subsequent to December 31, 2022, these options expired unexercised.

As of December 31, 2022, the weighted average contractual remaining life is 3.25 years (December 31, 2021 – 0.90 years).

Stock option transactions and the number of stock options for the year ended December 31, 2021 are summarized as follows:

	Exercise price	December 31, 2020	Granted	Exercised	Expired/ cancelled	December 31, 2021
September 26, 2021	$0.72	393,750	-	-	(393,750)	-
April 26, 2022	$0.40	327,500	-	-	-	327,500
March 14, 2023	$0.40	450,000	-	-	-	450,000
March 26, 2023	$0.40	10,000	-	-	-	10,000
January 7, 2024	$0.20	45,750	-	-	-	45,750
Options outstanding		1,227,000	-	-	(393,750)	833,250
Options exercisable		1,227,000	-	-	(393,750)	833,250
Weighted average exercise price		$0.50	$Nil	$Nil	$0.72	$0.39

(Presented in Canadian Dollars)

8. CAPITAL AND RESERVES *(Continued)*

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

Stock option transactions and the number of stock options for the year ended December 31, 2020 are summarized as follows:

Expiry date	Exercise price	December 31, 2019	Granted	Exercised	Expired/ cancelled	December 31, 2020
July 15, 2020	$0.40	503,750	-	-	(503,750)	-
September 26, 2021	$0.72	393,750	-	-	-	393,750
April 26, 2022	$0.40	327,500	-	-	-	327,500
March 14, 2023	$0.40	450,000	-	-	-	450,000
March 26, 2023	$0.40	10,000	-	-	-	10,000
January 7, 2024	$0.20	45,750	-	-	-	45,750
Options outstanding		1,730,750	-	-	(503,750)	1,227,000
Options exercisable		1,730,750	-	-	(503,750)	1,227,000
Weighted average exercise price		$0.47	$Nil	$Nil	$0.40	$0.50

The weighted average assumptions used to estimate the fair value of options for the years ended December 31, 2022, 2021 and 2020 were:

	2022	2021	2020
Risk-free interest rate	1.34%	n/a	n/a
Expected life	5 years	n/a	n/a
Expected volatility	144.13%	n/a	n/a
Expected dividend yield	Nil	n/a	n/a

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.

(e) Finder’s Options:

The continuity of finder’s options for the year ended December 31, 2022 is as follows:

Expiry date	Exercise price	December 31, 2021	Issued	Exercised	Expired	December 31, 2022
August 28, 2023	$0.075	-	412,500	-	-	412,500
Outstanding		-	412,500	-	-	412,500
Weighted average exercise price		$Nil	$0.075	$Nil	$Nil	$0.075

As of December 31, 2022, the weighted average contractual remaining life is 0.66 years.

The weighted average assumptions used to estimate the fair value of finder’s options for the years ended December 31, 2022, 2021 and 2020 were:

	2022	2021	2020
Risk-free interest rate	0.49%	n/a	n/a
Expected life	1.5 years	n/a	n/a
Expected volatility	149.50%	n/a	n/a
Expected dividend yield	Nil	n/a	n/a

(Presented in Canadian Dollars)

8. CAPITAL AND RESERVES *(Continued)*

(f) Warrants:

On December 21, 2020, the Company's warrants were consolidated on a 4 for 1 basis and the exercised prices were reflected as such (Note 8(b)).

The continuity of warrants for the year ended December 31, 2022 is as follows:

Expiry date	Exercise price	December 31, 2021	Issued	Exercised	Expired	December 31, 2022
February 25, 2022 (1)	$0.40	500,000	-	-	(500,000)	-
October 23, 2023	$0.20	4,219,641	-	-	-	4,219,641
February 28, 2025	$0.125	-	16,666,667	-	-	16,666,667
Outstanding		4,719,641	16,666,667	-	(500,000)	20,886,308
Weighted average exercise price		$0.22	$0.125	$Nil	$0.40	$0.14

(1) These warrants have a forced exercise price. If the closing price of the Company's shares is $0.80 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, 2022, the weighted average contractual life is 1.89 years (December 31, 2021 – 1.64 years).

The continuity of warrants for the year ended December 31, 2021 is as follows:

Expiry date	Exercise price	December 31, 2020	Issued	Exercised	Expired	December 31, 2021
November 9, 2021 (1)	$0.40	2,500,000	-	-	(2,500,000)	-
December 17, 2021 (1)	$0.40	1,160,000	-	-	(1,160,000)	-
December 18, 2021	$0.20	455,000	-	-	(455,000)	-
February 25, 2022 (1)	$0.40	500,000	-	-	-	500,000
October 23, 2023	$0.20	4,219,641	-	-	-	4,219,641
Outstanding		8,834,641	-	-	(4,115,000)	4,719,641
Weighted average exercise price		$0.29	$Nil	$Nil	$0.38	$0.22

The continuity of warrants for the year ended December 31, 2020 is as follows:

Expiry date	Exercise price	December 31, 2019	Issued	Exercised	Expired	December 31, 2020
March 26, 2020	$0.48	1,718,750	-	-	(1,718,750)	-
July 12, 2020	$0.60	2,542,500	-	-	(2,542,500)	-
November 9, 2021 (1)	$0.40	2,500,000	-	-	-	2,500,000
December 17, 2021 (1)	$0.40	1,160,000	-	-	-	1,160,000
December 18, 2021	$0.20	455,000	-	-	-	455,000
February 25, 2022 (1)	$0.40	500,000	-	-	-	500,000
October 23, 2023	$0.20	-	4,219,641	-	-	4,219,641
Outstanding		8,876,250	4,219,641	-	(4,261,250)	8,834,641
Weighted average exercise price		$0.46	$0.20	$Nil	$0.55	$0.29

(Presented in Canadian Dollars)

8. CAPITAL AND RESERVES *(Continued)*

(f) Warrants: *(Continued)*

The weighted average assumptions used to estimate the fair value of warrants for the years ended December 31, 2022, 2021 and 2020 were:

	2022	2021	2020
Risk-free interest rate	0.88%	n/a	1.46%
Expected life	3 years	n/a	3 years
Expected volatility	161.98%	n/a	149.71%
Expected dividend yield	Nil	n/a	Nil

9. 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, 2022

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn [(d)] Chief Executive Officer, Director	$ 153,424	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,460	$ 165,884
Winnie Wong Chief Financial Officer	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,460	$ 12,460
Mark T. Brown Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,460	$ 12,460
Paul L. Nelles [(c)] Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,460	$ 12,460
Paul Dircksen Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,460	$ 12,460
Frank Hogel Director	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 12,460	$ 12,460

For the year ended December 31, 2021

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn [(d)] Chief Executive Officer, Director	$ 150,000	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 150,000

For the year ended December 31, 2020

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn [(d)] Chief Executive Officer, Director	$ 150,000	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ 150,000

(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

Related party liabilities

	Services / Advances	Years ended December 31, 2022	Years ended December 31, 2021	Years ended December 31, 2020	As at December 31, 2022	As at December 31, 2021
Amounts due to:						
Pacific Opportunity Capital Ltd. [(a)]	Rent, management, accounting, marketing and financing services	$ 135,135	$ 94,200	$ 132,435	$ 64,632	$ 534,488 [(b)]
Paul W. Kuhn [(d)]	Consulting and share-based payment	$ 165,884	$ 150,000	$ 150,000	$ 28,916	$ 122,140 [(e)]
Paul L. Nelles [(c)]	Salaries and share-based payment	$ 12,460	$ Nil	$ Nil	$ 14,458	$ 14,391
TOTAL:		$ 313,479	$ 244,200	$ 298,435	$ 108,006	$ 671,019
Amounts due from:						
Paul W. Kuhn [(d)]	Consulting services	$ Nil	$ Nil	$ Nil	$ 22,323 [(f)]	$ Nil

(a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.
(b) Includes a $56,008 advance, that is non-interest bearing without specific terms of repayment. On February 28, 2022, the Company settled $210,000 of this amount by issuing 2,800,000 shares (Note 8(c)).
(c) Paul L. Nelles is a director of Innomatik.
(d) 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.

    During fiscal 2022, Paul Kuhn received an additional €2,500 ($3,424) for his consulting work in Kosovo as a result of past services.
(e) On February 28, 2022, the Company settled $75,000 of this amount by issuing 1,000,000 shares (Note 8(c)).
(f) This amount relates to PorMining paying Paul Kuhn for his technical services consulting in excess of the Contract (defined above in Note 9(d)). Such amount will be used to offset and reduce the Company's monthly fee payable to Paul Kuhn per the Contract.

(Presented in Canadian Dollars)

10. LONG-TERM LOAN

In March 2017, the Company entered into a long-term loan to purchase a used vehicle. The long-term loan was fully paid as of December 31, 2022.

	December 31, 2022		December 31, 2021	
Long-term loan	$ -	€ -	$ 2,524	€ 1,754
Less: current portion of long-term loan	-	-	2,524	1,754
	$ -	€ -	$ -	€ -
Payment schedule of long-term loan				
Year 1	$ -	€ -	$ 2,572	€ 1,787
	-	-	2,572	1,787
Less: imputed interest	-	-	31	21
Other fees	-	-	17	12
	$ -	€ -	$ 2,524	€ 1,754

11. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share

The calculation of basic and diluted loss per share for the year ended December 31, 2022 was based on the loss attributable to common shareholders of $329,789 (2021 – $5,997; 2020 – $138,911) and a weighted average number of common shares outstanding of 51,116,744 (2021 – 32,738,087; 2020 – 29,313,952).

Diluted loss per share did not include the effect of 2,080,750 share purchase options, 20,886,308 warrants and 412,500 finder's options outstanding at year end (2021 - 833,250 share purchase options and 4,719,641 warrants; 2020 - 1,227,000 share purchase options and 8,834,641 warrants) as they are anti-dilutive.

12. FINANCIAL INSTRUMENTS

The fair values of the Company's cash, other receivables, advance to related party, due from optionee, property deposits, accounts payables and accrued liabilities and due to related parties 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.

12. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk

The Company's cash is held in financial institutions in Canada, Portugal and Kosovo and property deposits are held by Portuguese regulatory authorities. Amounts are receivable from optionee and a related party.

(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, 2022, the Company had cash of $307,531 (December 31, 2021 - $139,164), advance to related party of $22,323 (December 31, 2021 - $Nil), sales tax receivables of $3,627 (December 31, 2021 - $1,769) and other receivables of $10,713 (December 31, 2021 - $7,226) to settle current liabilities of $208,936 (December 31, 2021 - $803,562).

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, Finland 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 assets of $130,200 dominated in Euros. A 1% change in the absolute rate of exchange in US dollars and Euros would affect its net income by $1,000.

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

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

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

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

(Presented in Canadian Dollars)

12. FINANCIAL INSTRUMENTS *(Continued)*

The following table sets forth the Company's financial assets classified as subsequently measured at amortized cost as at December 31, 2021 and 2020.

The Company does not have any financial instruments that are measured at fair value.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The non-cash transactions during the years ended December 31, 2022, 2021 and 2020 were as follows:

- As at December 31, 2022, a total of $Nil (2021 - $Nil; 2020 - $1,805) in share issue costs were included in accounts payable and accrued liabilities and $Nil (2021 - $74,550; 2020 - $74,550) were included in due to related parties.

14. MANAGEMENT OF CAPITAL RISK

The Company manages its cash, common shares, warrants and share purchase options as capital (see Note 8). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

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

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

15. INCOME TAX

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

	2022	2021	2020
Net loss	$ (329,789)	$ (5,997)	$ (138,911)
Expected income tax recovery	$ (89,000)	$ (2,000)	$ (37,000)
Effect of foreign tax rate	(10,000)	(24,000)	(16,000)
Non-deductible items	(22,000)	4,000	1,000
Deductible items	(16,000)	-	(6,000)
Unrecognized benefit of non-capital losses	137,000	22,000	58,000
	$ -	$ -	$ -

(Presented in Canadian Dollars)

15. INCOME TAX *(Continued)*

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

	2022	2021
Deferred income tax assets		
Non-capital loss carryforwards	$ 2,196,000	$ 2,045,000
Allowable capital losses	45,000	9,000
Share issue costs	18,000	12,000
	2,259,000	2,066,000
Valuation allowance	(2,259,000)	(2,066,000)
Net deferred income tax assets	$ -	$ -

The Company has available for deduction against future taxable income non-capital losses of approximately $8,132,500 in Canada (2021 - $7,574,500). These losses, if not utilized, will expire through to 2042. 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
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	504,000
2020	2040	476,000
2021	2041	444,000
2022	2042	558,000
		$ 8,132,500

(Presented in Canadian Dollars)

16. SEGMENTED FINANCIAL INFORMATION

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

	Years ended December 31, 2022	Years ended December 31, 2021
Non-current assets		
Portugal	$ 213,934	$ 213,415
Finland	540,932	14,155
	$ 754,866	$ 227,570

	Years ended December 31, 2022	Years ended December 31, 2021
Mineral exploration expenses		
Portugal	$ 25,651	$ 24,952
Kosovo	46,678	-
	$ 72,329	$ 24,952