



**AVRUPA MINERALS LTD.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED**  
**MARCH 31, 2023 AND 2022**

**(Unaudited)**

# **AVRUPA MINERALS LTD.**

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**NOTICE OF NO AUDITOR REVIEW OF  
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

AVRUPA MINERALS LTD.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Presented in Canadian Dollars)

	Note	March 31 2023 (Unaudited)	December 31 2022 (Audited)
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 248,261	\$ 307,531
Prepaid expenses and advances		339	9,376
Due from optionee	5	31,096	12,811
Advance to related party	9	26,139	22,323
Sales tax receivables		3,812	3,627
Other receivables		12,746	10,713
		<u>322,393</u>	<u>366,381</u>
<b>Non-current assets</b>			
Property deposits	6	1,471	1,446
Tax deposits	6	41,201	41,201
Exploration and evaluation assets	5	167,920	167,920
Equipment	4	2,130	2,602
Investment in PorMining	5	765	765
Advance to Akkerman Finland OY	7	282,400	282,400
Investment in Akkerman Finland OY	7	247,067	258,532
		<u>742,954</u>	<u>754,866</u>
<b>Total assets</b>		<b>\$ 1,065,347</b>	<b>\$ 1,121,247</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 99,430	\$ 100,930
Due to related parties	9	55,160	108,006
		<u>154,590</u>	<u>208,936</u>
<b>Shareholders' equity</b>			
Share capital	8	10,990,255	10,990,255
Reserves	8	7,646,382	7,641,733
Deficit		(17,725,880)	(17,719,677)
		<u>910,757</u>	<u>912,311</u>
<b>Total shareholders' equity and liabilities</b>		<b>\$ 1,065,347</b>	<b>\$ 1,121,247</b>

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on May 26, 2023. They are signed on the Company's behalf by:

/s/Paul W. Kuhn  
Director

/s/Mark T. Brown  
Director

AVRUPA MINERALS LTD.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS  
FOR THE THREE MONTHS ENDED MARCH 31  
(Unaudited, Presented in Canadian Dollars)

	Note	Three months ended March 31	
		2023	2022
<b>Mineral exploration expenses</b>			
Mineral exploration expenses	5	\$ 15,548	\$ 7,442
Reimbursements from optionee	5	(136,114)	(84,538)
		<u>120,566</u>	<u>77,096</u>
<b>General administrative expenses</b>			
Bank charges		321	234
Consulting fees, wages and benefits	9	47,991	41,758
Depreciation	4	509	291
Investor relations		25,897	7,508
Listing and filing fees		7,425	12,608
Office and administrative fees		2,955	2,341
Professional fees	9	24,262	80,155
Rent	9	2,550	2,550
Share-based payment	9	-	98,123
Transfer agent fees		1,153	3,832
Travel		2,731	700
		<u>(115,794)</u>	<u>(250,100)</u>
<b>Other items</b>			
Foreign exchange gain		-	108
Interest income and other income		490	2,907
Loss on investment in Akkerman Finland OY	7	(11,465)	(3,998)
		<u>(10,975)</u>	<u>(983)</u>
<b>Net loss for the period</b>		<u>(6,203)</u>	<u>(173,987)</u>
<b>Exchange difference arising on the translation of foreign subsidiaries</b>		4,649	(4,063)
<b>Comprehensive loss for the period</b>		\$ (1,554)	\$ (178,050)
<b>Basic and diluted loss per share</b>	10	\$ (0.00)	\$ (0.00)

AVRUPA MINERALS LTD.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIENCY)  
(Presented in Canadian Dollars)

	Share capital		Reserves				Subtotal	Deficit	Total shareholders' (deficiency) / equity
	Number of shares	Amount	Warrants	Finder's options	Equity-settled employee benefits	Exchange			
<b>Balance as at December 31, 2021 (Audited)</b>	<b>32,738,087</b>	<b>\$ 9,994,487</b>	<b>\$ 5,405,052</b>	<b>\$ 277,893</b>	<b>\$ 1,298,472</b>	<b>\$ (853)</b>	<b>\$ 6,980,564</b>	<b>\$ (17,389,888)</b>	<b>\$ (414,837)</b>
Share issues:									
Shares issued for private placements	16,666,667	695,475	554,525	-	-	-	554,525	-	1,250,000
Share issue costs	-	(76,979)	-	19,841	-	-	19,841	-	(57,138)
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	-	-	-	-	-	(4,063)	(4,063)	(173,987)	(178,050)
<b>Balance as at March 31, 2022 (Unaudited)</b>	<b>54,674,754</b>	<b>10,993,533</b>	<b>5,959,577</b>	<b>297,734</b>	<b>1,396,595</b>	<b>(4,916)</b>	<b>7,648,990</b>	<b>(17,563,875)</b>	<b>1,078,648</b>
Share issues:									
Share issue costs	-	(3,278)	-	-	-	-	-	-	(3,278)
Comprehensive loss	-	-	-	-	-	(7,257)	(7,257)	(155,802)	(163,059)
<b>Balance as at December 31, 2022 (Audited)</b>	<b>54,674,754</b>	<b>10,990,255</b>	<b>5,959,577</b>	<b>297,734</b>	<b>1,396,595</b>	<b>(12,173)</b>	<b>7,641,733</b>	<b>(17,719,677)</b>	<b>912,311</b>
Comprehensive loss	-	-	-	-	-	4,649	4,649	(6,203)	(1,554)
<b>Balance as at March 31, 2023 (Unaudited)</b>	<b>54,674,754</b>	<b>\$ 10,990,255</b>	<b>\$ 5,959,577</b>	<b>\$ 297,734</b>	<b>\$ 1,396,595</b>	<b>\$ (7,524)</b>	<b>\$ 7,646,382</b>	<b>\$ (17,725,880)</b>	<b>\$ 910,757</b>

AVRUPA MINERALS LTD.  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31  
(Unaudited, Presented in Canadian Dollars)

	Three months ended March 31	
	2023	2022
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (6,203)	\$ (173,987)
Items not involving cash:		
Depreciation	509	291
Loss on investment in Akkerman Finland OY	11,465	3,998
Share-based payment	-	98,123
Changes in non-cash working capital items:		
Sales tax receivables	(185)	(3,304)
Due from optionee	-	(15,983)
Advance to related party	(3,816)	-
Prepaid expenses and advances	9,037	(12,704)
Other receivables	(2,033)	3,351
Accounts payable and accrued liabilities	(1,500)	(18,219)
Due from/to related parties	(52,846)	(231,654)
Exchange difference arising on the translation of foreign subsidiaries	(13,698)	(4,032)
Net cash used in operating activities	(59,270)	(354,120)
<b>Cash flows from investing activities</b>		
Investment in Akkerman Finland OY	-	(211,800)
Advance to Akkerman Finland OY	-	(285,518)
Purchase of equipment	-	(1,818)
Net cash used in investing activities	-	(499,136)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of common shares	-	1,250,000
Share issue costs	-	(47,138)
Net cash provided by financing activities	-	1,202,862
<b>Change in cash for the period</b>	(59,270)	349,606
<b>Cash, beginning of the period</b>	307,531	139,164
<b>Cash, end of the period</b>	\$ 248,261	\$ 488,770

Supplemental disclosure with respect to cash flows (Note 12)

## 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Avrupa Minerals Ltd. (the “Company”) was incorporated on January 23, 2008 under the Business Corporations Act of British Columbia and its registered office is 10<sup>th</sup> 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 condensed consolidated interim 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 condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### b) Basis of preparation

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

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.



AVRUPA MINERALS LTD.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Unaudited, Presented in Canadian Dollars)

### 3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2022.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2022. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the three-month period ended March 31, 2023 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2023.

### 4. EQUIPMENT

	<b>Furniture and other equipment</b>				<b>Vehicles</b>	<b>Other assets</b>		<b>Total</b>
<b>Cost</b>								
As at January 1, 2022	\$	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
Exchange adjustment		2,037		673		373		3,083
As at March 31, 2023	\$	119,898	\$	39,565	\$	21,952	\$	181,415
<b>Accumulated depreciation</b>								
As at January 1, 2022	\$	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
Depreciation for the period		509		-		-		509
Exchange adjustment		2,000		673		373		3,046
As at March 31, 2023	\$	117,768	\$	39,565	\$	21,952	\$	179,285
<b>Net book value</b>								
As at January 1, 2022	\$	2,090	\$	-	\$	-	\$	2,090
As at December 31, 2022	\$	2,602	\$	-	\$	-	\$	2,602
As at March 31, 2023	\$	2,130	\$	-	\$	-	\$	2,130

AVRUPA MINERALS LTD.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Unaudited, Presented in Canadian Dollars)

**5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES**

	Portugal		Kosovo		Others		Total
	Alvalade	Others	Slivova	Others			
<b>Exploration and evaluation assets</b>							
<b>Acquisition costs</b>							
<b>As of January 1, 2023</b>	\$ 167,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,920
<b>As of March 31, 2023</b>	\$ 167,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,920
<b>Mineral exploration expenses for the period ended March 31, 2023</b>							
Geological salaries and consulting	\$ 4,890	\$ -	\$ 6,044	\$ -	\$ -	\$ -	\$ 10,934
Insurance	148	-	-	-	-	-	148
Office and administrative fees	-	-	174	-	-	-	174
Rent	-	-	2,613	-	-	-	2,613
Site costs	157	-	952	-	-	-	1,109
Travel	570	-	-	-	-	-	570
Reimbursements from optionee	(85,312)	-	(50,802)	-	-	-	(136,114)
	\$ (79,547)	\$ -	\$ (41,019)	\$ -	\$ -	\$ -	\$ (120,566)
<b>Cumulative mineral exploration expenses since acquisition</b>							
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	6,565,771	6,317,147	150,393	720,879	12,359	-	13,766,549
Geology work	-	32,377	891,582	402,515	364,525	-	1,690,999
Insurance	25,468	52,112	14,604	15,007	-	-	107,191
Legal and accounting	1,020	1,244	58,158	13,958	-	-	74,380
Office and administrative fees	254,058	279,739	81,402	101,624	68,446	-	785,269
Rent	606,084	596,896	38,703	88,221	20,560	-	1,350,464
Report	-	-	24,232	-	-	-	24,232
Site costs	194,362	244,377	188,202	194,582	8,865	-	830,388
Travel	242,014	247,277	63,047	22,478	15,326	-	590,142
Trenching and road work	-	-	34,339	-	-	-	34,339
Reimbursements from optionee	(9,046,361)	(4,890,826)	(2,939,854)	(45,158)	-	-	(16,922,199)
	\$ (168,345)	\$ 4,145,186	\$ 103,505	\$ 1,787,017	\$ 500,931	\$ -	\$ 6,368,294

AVRUPA MINERALS LTD.  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022  
(Unaudited, Presented in Canadian Dollars)

**5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES**

	Portugal		Kosovo		Others		Total
	Alvalade	Others	Slivovo	Others			
<b>Exploration and evaluation assets</b>							
<b>Acquisition costs</b>							
<b>As of January 1, 2022</b>	\$ 167,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,920
<b>As of December 31, 2022</b>	\$ 167,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,920
<b>Mineral exploration expenses for the year ended December 31, 2022</b>							
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)
<b>Cumulative mineral exploration expenses since acquisition</b>							
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

## 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 three months ended March 31, 2023, MAEPA received €25,000 (\$36,288) (2022 - €25,000 (\$36,898)) 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 March 31, 2023, MATSA funded €1,459,000 on the Alvalade project Phase II – Second Option. Subsequently, MATSA funded another €265,000 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.

## 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.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<b>Due from optionee</b>		
Alvalade - PorMining	\$ 31,096	\$ 12,811
	<u>\$ 31,096</u>	<u>\$ 12,811</u>

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

(Continued)

### Kosovo

Slivova (formerly Slivovo) license:

Byrncut International Limited (“Byrncut”) 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. Byrncut 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 Byrncut 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 Byrncut and Peshter Mining as to how to possibly extend the life of this license. During fiscal 2020, Byrncut 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”), Byrncut 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 Byrncut ensuring that Peshter Mining complies with its obligations under the TS, IEK must pay to Byrncut 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.



## 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)	None	
On March 1, 2023	None	€35,000 (received)	
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)

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, Byrncut (see "TS" above).

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

On May 2, 2023, the Company completed the Definitive Agreement with WTR. The terms of the Agreement are:

#### On Closing

- €35,000 cash payment upon signing the Definitive Agreement on/about March 1, 2023. (Completed)

#### Earn-In Phase

Stage 1:

- €30,000 cash payment on September 1, 2023;
- If WTR elects to enter the Definitive Agreement, it will invest €800,000, during first two years from the effective date (minimum of €150,000 must be spent by September 1, 2023, post DD Phase) for exploration, drilling, baseline environmental and social surveys, landowners, etc., for 51% of the Project. (Underway)

Stage 2:

- After completion of Stage 1, during the third year from the Effective Date, WTR will invest €1,000,000 for NI 43-101 resource estimation, commencement of full Environmental Impact Statement ("EIS"), etc., for 75% of the Project.

Stage 3:

- During fourth and fifth year from the Effective Date, WTR must complete the EIS, Feasibility Study ("FS"), and Mining License application, for 85% of the Project.

Stage 4:

- WTR completes success payments to previous JV partner, Byrncut International Ltd., accordingly:

## 5. EXPLORATION AND EVALUATION ASSETS AND MINERAL EXPLORATION EXPENSES

*(Continued)*

### Kosovo (Continued)

Slivova (formerly Slivovo) license: (Continued)

- €125,000 in cash within 30 days of the first to occur of: 1) Completion of a positive FS (minimum 15% IRR) or; 2) Avrupa or related party making a decision to proceed with development of a mining operation within the license area;
- €125,000 within 30 days of issuance of a mining license for the Project;
- €125,000 within 30 days of commencement of mine construction within the license area;
- 100 troy ounces of gold within 30 days of commencement of commercial production (“CCP”), then increasing by 75 troy ounces per year until and including the third anniversary of commercial production when 325 troy ounces will be delivered.

Stage 5:

- Avrupa participates in the mine build or dilutes to 1% NSR.

## 6. PROPERTY DEPOSITS / TAX DEPOSITS

Property deposits:

As of March 31, 2023, the Company had a total of \$1,471 (€1,000) (December 31, 2022: \$1,446 (€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 Direcção 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.

## 7. ADVANCE 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 March 31, 2023.
- 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.

As at March 31, 2023, the Company holds a 49% interest in AFOy (December 31, 2022 – 49%). The investment in associate was assessed for impairment indicators relating to the underlying assets of AFOy in accordance with IAS 36 and IFRS 6.

<b>Investment in AFOy as at January 1, 2022</b>		\$	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)
<b>Investment in AFOy as at December 31, 2022</b>			<u>258,532</u>
Loss on investment in AFOy			(11,465)
<b>Investment in AFOy as at March 31, 2023</b>		\$	<u>247,067</u>

The three months ended March 31, 2023 and 2022 calculation for the Investment in AFOy is as follows:

	2023	2022
AFOy's net loss	\$ 23,397	\$ 8,159
The Company's ownership %	49%	49%
<b>Share of loss of an associate</b>	<u>\$ 11,465</u>	<u>\$ 3,998</u>

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

The following table illustrates the summarized financial information of AFOy:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 80,889	\$ 101,996
Non-current assets	268,357	263,796
Current liabilities	5,176	4,264
Non-current liabilities	536,842	527,717
Loss for the period	23,397	128,517

**8. CAPITAL AND RESERVES**

(a) Authorized:

At March 31, 2023, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

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

(c) Share Purchase Option Compensation Plan:

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

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**8. CAPITAL AND RESERVES** (Continued)

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

Stock option transactions and the number of stock options for the three months ended March 31, 2023 are summarized as follows:

Expiry date	Exercise price	December 31, 2022	Granted	Exercised	Expired/ cancelled	March 31, 2023
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
March 14, 2027	\$0.08	1,575,000	-	-	-	1,575,000
Options outstanding		2,080,750	-	-	(460,000)	1,620,750
Options exercisable		2,080,750	-	-	(460,000)	1,620,750
Weighted average exercise price		\$0.15	\$Nil	\$Nil	\$0.40	\$0.08

As of March 31, 2023, the weighted average contractual remaining life is 3.84 years (December 31, 2022 – 3.25 years).

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	\$0.40	450,000	-	-	-	450,000
March 26, 2023	\$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

The weighted average assumptions used to estimate the fair value of options for the three months ended March 31, 2023, and 2022 were:

	2023	2022
Risk-free interest rate	n/a	1.34%
Expected life	n/a	5 years
Expected volatility	n/a	144.13%
Expected dividend yield	n/a	Nil

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

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**8. CAPITAL AND RESERVES** (Continued)

(d) Finder's Options:

The continuity of finder's options for the three months ended March 31, 2023 is as follows:

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

As of March 31, 2023, the weighted average contractual remaining life is 0.41 years (December 31, 2022 – 0.66 years).

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

The weighted average assumptions used to estimate the fair value of finder's options for the three months ended March 31, 2023 and 2022 were:

	2023	2022
Risk-free interest rate	n/a	0.49%
Expected life	n/a	1.5 years
Expected volatility	n/a	149.50%
Expected dividend yield	n/a	Nil

(e) Warrants:

The continuity of warrants for the three months ended March 31, 2023 is as follows:

Expiry date	Exercise price	December 31, 2022	Issued	Exercised	Expired	March 31, 2023
October 23, 2023	\$0.20	4,219,641	-	-	-	4,219,641
February 28, 2025	\$0.125	16,666,667	-	-	-	16,666,667
Outstanding		20,886,308	-	-	-	20,886,308
Weighted average exercise price		\$0.14	\$Nil	\$Nil	\$Nil	\$0.14

As of March 31, 2023, the weighted average contractual life is 1.31 years (December 31, 2022 – 1.894 years).

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**8. CAPITAL AND RESERVES** (Continued)

(e) Warrants: (Continued)

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 <sup>(1)</sup>	\$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

<sup>(1)</sup> 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 30<sup>th</sup> day after such notice is given and the original expiry date.

The weighted average assumptions used to estimate the fair value of warrants for the three months ended March 31, 2023 and 2022 were:

	2023	2022
Risk-free interest rate	n/a	0.88%
Expected life	n/a	3 years
Expected volatility	n/a	161.98%
Expected dividend yield	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 three months ended March 31, 2023

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn <sup>(c)</sup> Chief Executive Officer, Director	\$ 37,500	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ -	\$ 37,500

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

For the three months ended March 31, 2022

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Paul W. Kuhn <sup>(c)</sup> Chief Executive Officer, Director	\$ 37,500	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 12,460	\$ 49,960
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 <sup>(b)</sup> Director	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 12,460	\$ 12,460
Paul Dirksen Director	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 12,460	\$ 12,460
Frank Hogel Director	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ 12,460	\$ 12,460

Related party liabilities

	Services / Advances	Three months ended		As at March 31, 2023	As at December 31, 2022
		March 31, 2023	March 31, 2022		
Amounts due to:					
Pacific Opportunity Capital Ltd. <sup>(a)</sup>	Rent, management, accounting, marketing and financing services	\$ 23,050	\$ 49,750	\$ 44,129	\$ 64,632
Paul W. Kuhn <sup>(c)</sup>	Consulting and share-based payment	\$ 37,500	\$ 49,960	\$ 7,354	\$ 28,916
Paul L. Nelles <sup>(b)</sup>	Salaries and share-based payment	\$ Nil	\$ 12,460	\$ 3,677	\$ 14,458
<b>TOTAL:</b>		\$ 60,550	\$ 112,170	\$ 55,160	\$ 108,006
Amounts due from:					
Paul W. Kuhn <sup>(c)</sup>	Consulting services	\$ Nil	\$ Nil	\$ 26,139 <sup>(d)</sup>	\$ 22,323 <sup>(d)</sup>

(a) Pacific Opportunity Capital Ltd., a company controlled by a director of the Company.

(b) Paul L. Nelles is a director of Innomatik.

(c) 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.



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

- (d) This amount relates to PorMining paying Paul Kuhn for his technical services consulting in excess of the Contract (defined above in Note 9(c)). Such amount will be used to offset and reduce the Company's monthly fee payable to Paul Kuhn per the Contract.

## 10. LOSS PER SHARE

### *Basic and diluted loss per share*

The calculation of basic and diluted loss per share for the three months ended March 31, 2023 was based on the loss attributable to common shareholders of \$6,203 (2022 – \$173,987) and a weighted average number of common shares outstanding of 54,674,754 (2022 – 40,245,050).

Diluted loss per share did not include the effect of 1,620,750 share purchase options, 20,886,308 warrants and 412,500 finder's options outstanding at three months end March 31, 2023 (2022 – 2,408,250 share purchase options, 20,886,308 warrants and 412,500 finder's options) as they are anti-dilutive.

## 11. FINANCIAL INSTRUMENTS

The fair values of the Company's cash, sales tax receivable, 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.

### (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 March 31, 2023, the Company had cash of \$248,261 (December 31, 2022 - \$307,531), advance to related party of \$26,139 (December 31, 2022 - \$22,323), sales tax receivables of \$3,812 (December 31, 2022 - \$3,627) and other receivables of \$12,746 (December 31, 2022 - \$10,713) to settle current liabilities of \$154,590 (December 31, 2022 - \$208,936).

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.

## 11. FINANCIAL INSTRUMENTS *(Continued)*

### (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 \$137,800 dominated in Euros. A 1% change in the absolute rate of exchange in US dollars and Euros would affect its net income by \$700.

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

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

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

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

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

## 12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The non-cash transactions during the three months ended March 31, 2023 and 2022 were as follows:

- As at March 31, 2023, a total of \$Nil (2022 - \$10,000) in share issue costs were included in due to related parties.

### 13. 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.

### 14. SEGMENTED FINANCIAL INFORMATION

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Non-current assets		
Portugal	\$ 213,487	\$ 213,934
Finland	529,467	540,932
	<u>\$ 742,954</u>	<u>\$ 754,866</u>
	<b>Three months ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Mineral exploration expenses		
Portugal	\$ 5,765	\$ 7,442
Kosovo	9,783	-
	<u>\$ 15,548</u>	<u>\$ 7,442</u>