



**AMENDED AND RESTATED  
ANNUAL INFORMATION FORM**

**For the Financial Year Ended December 31, 2020**

**As of April 14, 2021**

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In this Annual Information Form for the financial year ended December 31, 2020 (the “**Annual Information Form**”), the “Corporation” or “Euro Sun” refers to Euro Sun Mining Inc., unless otherwise indicated or the context otherwise requires. All information contained herein is as at April 14, 2021, unless otherwise indicated.

All dollar amounts in this Annual Information Form are in Canadian dollars, unless otherwise indicated.

## **GLOSSARY OF MINING TERMS**

The following is a glossary of certain mining terms used in this Annual Information Form:

<b>assay</b>	A wet chemical, fusion, or x-ray test performed on a small sample of ores or minerals to determine the amount of valuable metals contained.
<b>Au</b>	Gold.
<b>chalcopyrite</b>	A sulphide mineral of copper and iron; the most important ore mineral of copper.
<b>Cu</b>	Copper.
<b>Cu Eq.</b>	Copper equivalent.
<b>deposit</b>	A natural occurrence of a useful mineral, in sufficient extent and degree of concentration to invite exploitation.
<b>diamond drill</b>	A rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two centimetres or more in diameter.
<b>diorite</b>	An intrusive igneous rock composed chiefly of sodic plagioclase, hornblende, biotite or pyroxene.
<b>epithermal</b>	A term applied to hydrothermal mineral deposits formed at shallow depths from ascending solutions of moderate temperatures and occurring mainly in veins.
<b>flotation</b>	A milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink.
<b>g/t Au</b>	Grams of gold per tonne.
<b>g/t Au Eq.</b>	Grams of gold equivalent per tonne.
<b>grade</b>	The relative quantity of the mineral or metal content in a deposit.
<b>hydrothermal</b>	A term pertaining to hot water, especially with respect to its action in dissolving, re-depositing and otherwise producing mineral changes within the Earth’s crust.

<b>igneous rock</b>	Rocks formed by the solidification of molten material from far below the Earth's surface.
<b>intrusive rock</b>	A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface.
<b>km</b>	Kilometres.
<b>km<sup>2</sup></b>	Square kilometres.
<b>m</b>	Metres.
<b>metamorphic rocks</b>	Rocks which have undergone a change in texture or composition as the result of heat and/or pressure.
<b>mineral</b>	A naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favorable conditions, a definite crystal form.
<b>mineral reserves</b>	<p>A <i>mineral reserve</i> is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes allowances for dilution and losses that may occur when the material is trained.</p> <p><i>Proven mineral reserve:</i> A proven mineral reserve is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, and economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.</p> <p><i>Probable mineral reserve:</i> A probable mineral reserve is the economically mineable part of an indicated mineral resource, and in some circumstances a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, and economic and other relevant factors that demonstrates, at the time of reporting, that economic extraction can be justified.</p>
<b>mineral resource</b>	A <i>mineral resource</i> is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and

knowledge.

*Measured mineral resource:* A measured mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

*Indicated mineral resource:* An indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from location such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

<b>mineralization</b>	The introduction of potential ore minerals into a pre-existing rock.
<b>open pit</b>	A mine that is entirely on surface. Also referred to as an open-cut or open-cast mine.
<b>oz</b>	Troy ounce, the unit in which gold is quoted. A Troy ounce represents approximately 31.103 g.
<b>PEA</b>	A preliminary economic assessment.
<b>porphyry</b>	Any igneous rock in which relatively large crystals, called phenocrysts, are set in a fine-grained groundmass.
<b>porphyry copper</b>	A deposit of disseminated copper minerals in or around a large body of intrusive rock.
<b>potassic-porphyry</b>	A porphyry rich in potassic minerals.
<b>pyrite</b>	A yellow iron sulphide mineral, normally of little value.
<b>QA/QC</b>	Quality assurance/quality control.
<b>reclamation</b>	The process by which lands disturbed as a result of mining activity are reclaimed back to a beneficial land use. Reclamation activity includes the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings impoundments, leach pads and other mine

features, and contouring, covering and re-vegetation of waste rock piles and other disturbed areas.

<b>recovery</b>	A term used in mineral processing to indicate the proportion of valuable material obtained in the treatment of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore.
<b>rock</b>	Any natural combination of minerals; part of the Earth's crust.
<b>skarn</b>	Name for the metamorphic rocks surrounding an igneous intrusive where it comes in contact with a limestone or dolostone formation.
<b>sulphide</b>	A group of minerals in which one or more metals are found in combination with sulphur.
<b>supergene</b>	The leaching of valuable elements from the upper parts of mineral deposits and their precipitation at depth to produce higher concentrations.
<b>vein</b>	A thin sheet-like intrusion into a fissure or crack, commonly bearing quartz.
<b>waste</b>	Barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.

### **Metric Equivalent Table**

For ease of reference, the following factors for converting imperial measurements into metric equivalents are provided:

<u>Metric Measurement Units</u>	<u>To Convert to Imperial Measurement Units</u>	<u>Divide By</u>
Hectares	Acres	0.4047
Metres	Feet	0.3048
Kilometres	Miles	1.6093
Grams	Ounces (Troy)	31.1035
Kilograms	Pounds	0.4536
Tonnes	Short tons	0.9072
Grams per tonne	Troy ounces per ton	34.2857

### **FORWARD-LOOKING INFORMATION**

Certain information provided in this Annual Information Form and any documents incorporated by reference may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation which may include, but is not limited to, information

with respect to the Corporation's expected production from, and further potential of, the Corporation's properties; the Corporation's ability to raise additional funds; the future price of minerals, particularly gold and copper; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is based on management's expectations and reasonable assumptions at the time such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on assumptions underlying mineral reserve and mineral resource estimates and the realization of such estimates are set out herein. Capital and operating cost estimates are based on extensive research of the Corporation, purchase orders placed by the Corporation to date, recent estimates of construction and mining costs and other factors that are set out herein. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Euro Sun and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include: uncertainties of mineral resource estimates; the nature of mineral exploration and mining; variations in ore grade and recovery rates; cost of operations; fluctuations in the sale prices of products; volatility of gold and copper prices; exploration and development risks; liquidity concerns and future financings; risks associated with operations in foreign jurisdictions; potential revocation or change in permit requirements and project approvals; competition; no guarantee of titles to explore and operate; environmental liabilities and regulatory requirements; dependence on key individuals; conflicts of interests; insurance; fluctuation in market value of Euro Sun's shares; rising production costs; equipment material and skilled technical workers; volatile current global financial conditions; and currency fluctuations; and other risks pertaining to the mining industry, as well as those factors discussed in the section entitled "Risk Factors". Although Euro Sun has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein or incorporated by reference are made as of the date of this Annual Information Form or as of the date of the documents incorporated by reference, as the case may be, and Euro Sun does not undertake to update any such forward-looking information, except in accordance with applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers are cautioned not to place undue reliance on forward-looking information. The forward-looking information contained or incorporated by reference in this document is presented for the purpose of assisting shareholders in understanding the financial position, strategic priorities and objectives of the Corporation for the periods referenced and such information may not be appropriate for other purposes.

## CORPORATE STRUCTURE

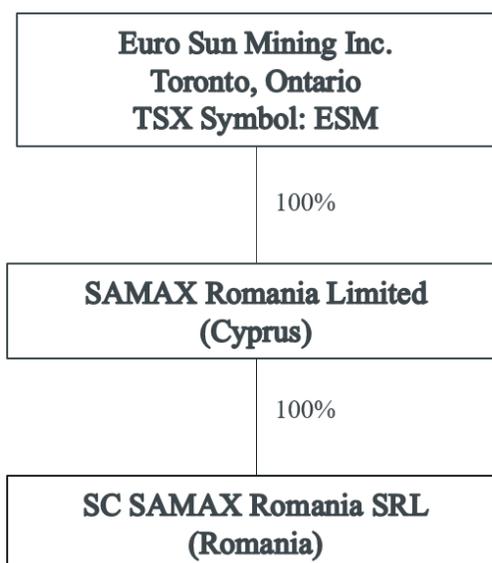
### Name, Address and Incorporation

The Corporation's full corporate name is Euro Sun Mining Inc. The Corporation's head and registered office is at 66 Wellington Street West, Suite 5300, TD Bank Tower Box 48, Toronto, Ontario, M5K 1E6.

The Corporation was incorporated pursuant to the provisions of the *Canada Business Corporations Act* (the "CBCA") as Ore-Leave Capital Inc. on January 17, 2003. On March 26, 2003, the Corporation amended its Articles to remove the private company provisions and the restrictions on share transfers. On June 24, 2004, the Corporation amended its Articles to change its name to Carpathian Gold Inc. On August 18, 2016, the Corporation further amended its Articles to change its name to Euro Sun Mining Inc. On January 1, 2020, the Corporation amended its Articles and completed a short form vertical amalgamation with Vilhelmina Minerals Inc. ("**Vilhelmina**"), a wholly-owned subsidiary of the Corporation and continued under the name "Euro Sun Mining Inc."

### Intercorporate Relationships

The following diagram illustrates the current corporate structure of the Corporation, including the percentage of voting securities beneficially owned, directed or controlled, directly or indirectly by the Corporation of its principal subsidiaries, as well as the jurisdictions in which such principal subsidiaries were incorporated, continued, formed or organized:



## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

#### 2021

On March 1, 2021, the Company announced the completion of a definitive feasibility study on the Rovina Valley Project (the “**DFS**”).

On January 5, 2021, the Company announced the election of Peter Vukanovich as the non executive chair of the Company. Mr. Vukanovich is an entrepreneurial leader and experienced corporate board member. He joined the ESM board of directors in July 2020.

#### 2020

On July 2, 2020, the Corporation sold its ownership in Vilhelmina Sub for consideration of 96,211,544 shares in Nickel Mountain AB (“**Nickel Mountain**”) valued at \$1,136,537 on the date of the transaction.

On June 5, 2020, the Corporation closed a bought deal prospectus offering (the “**June Offering**”) of 57,235,384 units at a price of C\$0.39 per unit. Each unit consists of one common share of the Corporation (a “**Common Share**”) and one half of one common share purchase warrant (each whole common share purchase warrant, a “**June 2020 Warrant**”). Each June 2020 Warrant entitled the holder to acquire one additional Common Share at an exercise price of C\$0.55 for a period of 36 months from issuance. The Corporation granted 4,006,477 broker warrants to the underwriters of the June Offering (each, a “**June 2020 Broker Warrant**”). Each June 2020 Broker Warrant entitled the holder to acquire one additional Common Share at an exercise price of C\$0.39 for a period of 24 months from issuance.

On June 1, 2020, as a result of a review of the Corporation’s continuous disclosure record by the Ontario Securities Commission ( the “**OSC**”) pursuant to the filing of the Corporation’s preliminary short form prospectus on May 21, 2020, the Corporation filed a Business Acquisition Report in respect of the Vilhelmina Acquisition (as defined below) which is available at [www.SEDAR.com](http://www.SEDAR.com).

On March 26, 2020, the Corporation announced the resignation of Michael Barton from the board of directors of the Corporation (the “**Board of Directors**”) effective on such date.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which is causing significant financial market and social dislocation. In Romania in particular, a state of emergency and a nationwide lockdown was imposed in late March 2020. On May 15, 2020, the Government of Romania announced the end of the state of emergency and the beginning of a 30-day state of alert. The Government of Romania has announced that it will move toward easing travel restrictions, but many of the restrictions on

public gatherings and inter-city travel remain in place. The impact that the COVID-19 outbreak will have on timing for receipt of the Construction Permit (as defined below) and completion of the Definitive Feasibility Study (as defined below) is hard to predict, but management remains confident any delays may be minimal. To date, the COVID-19 crisis has not materially impacted the Corporation's operations, financial condition, cash flows and financial performance. The Corporation's consultants have been able to continue their work uninterrupted and the Corporation continues to have full access to the Rovina Valley Project (as defined below). The Romanian government has recently announced a gradual reopening of the country, announcing for example the lifting of certain travel restrictions. In response to the outbreak, the Corporation has instituted operational and monitoring protocols to ensure the health and safety of its employees and stakeholders, which follow the advice of local governments and health authorities where it operates. The Corporation has adopted a work from home policy where possible. The Corporation continues to operate effectively whilst working remotely. The Corporation will continue to monitor developments of the pandemic and continuously assess the pandemic's potential further impact on the Corporation's operations and business. The situation is dynamic, and the ultimate duration and magnitude of the impact of the pandemic on the economy and the financial effect on the Corporation's operations and business are not known at this time.

On March 9, 2020, the Corporation signed a sale agreement to sell its ownership interest in Vilhelmina Sub to Nickel Mountain in exchange for shares of Nickel Mountain.

On January 30, 2020, the Corporation closed a non-brokered private placement financing of 11,379,000 common shares of the Corporation ("**Common Shares**") at a price of \$0.29 per Common Share for gross proceeds of \$3,299,910 (the "**January 2020 Non-Brokered Private Placement**").

On January 30, 2020, the Corporation announced the resignation of Stan Bharti from the Board of Directors effective on such date.

## **2019**

On December 12, 2019, the Corporation closed its second tranche of a non-brokered private placement financing of 2,100,000 units at a price of \$0.25 per unit for gross proceeds of \$525,000. Each unit is comprised of one Common Share and one half of a common share purchase warrant. Each whole warrant is exercisable to acquire one Common Share at a price of \$0.40 for a period of two years from the grant date, being December 12, 2021. The warrants were valued at \$0.06. The Corporation also granted 7,000 finder warrants to certain finders exercisable to acquire one Common Share at a price of \$0.40 for a period of two years from the grant date, being December 12, 2021. The finder warrants were valued at \$0.06 and were included in share issuance costs.

On December 2, 2019, the Corporation closed its first tranche of a non-brokered private placement financing of 8,000,000 units at a price of \$0.25 per unit for gross proceeds of \$2,000,000. Each unit is comprised of one Common Share and one half of a common share purchase warrant. Each whole warrant is exercisable to acquire one Common Share at a price of \$0.40 for a period of two years from the grant date, being December 2, 2019. The warrants were

valued at \$0.06. The Corporation also granted 14,000 finder warrants to certain finders exercisable to acquire one Common Share at a price of \$0.40 for a period of two years from the grant date, being December 2, 2021. The finder warrants were valued at \$0.06 and were included in share issuance costs.

On November 7, 2019, the Corporation announced the appointment of Bruce Humphrey to the Board of Directors. Mr. Humphrey is a professional mining engineer with over 45 years' experience working in senior management roles in the mining industry. He replaced Tom Olesinski who resigned from the Board of Directors on November 7, 2019.

On October 15, 2019, the Corporation announced the appointment of Danny Callow as a new independent member of the Board of Directors. Mr. Callow is a professional mining engineer with over 25 years of experience in building and operating large tonnage mines globally. Mr. Callow replaced Mr. Matt Simpson on the Board of Directors.

On October 10, 2019, the Corporation completed the acquisition of all of the issued and outstanding shares of Vilhelmina that it did not own (the "**Vilhelmina Acquisition**"). This acquisition was first announced on September 25, 2019, after the Corporation entered into a binding letter of intent dated September 2, 2019. This was followed by another public announcement on October 7, 2019, when the Corporation announced that it had entered into a definitive agreement dated October 3, 2019. The Corporation acquired a total of 2,457,230 common shares of Vilhelmina for a total purchase price of 9,088,235 Common Shares issued from the treasury.

On July 4, 2019, the Corporation completed its brokered private placement offer announced on June 24, 2019. The Corporation issued a total of 8,610,000 units at a price of \$0.36 per unit for gross proceeds of \$3,099,600. Each unit consists of one Common Share of the Corporation and one common share purchase warrant of the Corporation. Each warrant is exercisable to acquire one Common Share at a price of \$0.47 per Common Share until July 4, 2021. The Corporation paid \$216,972 in finder fees for this private placement and issued 602,700 broker warrants. Each broker warrant is exercisable to acquire one Common Share.

On April 9, 2019, the Corporation announced the appointment of Eva Bellissimo to the Board of Directors. Ms. Bellissimo is a partner with McCarthy Tétrault LLP, where she is the co-leader Canada Mining of McCarthy Tétrault's Global Metals & Mining Group.

On March 26, 2019, the Corporation closed a private placement financing by issuing 10,000,000 units of the Corporation at a price of C\$0.30 per unit. Each unit consists of one Common Share and one half of a common share purchase warrant (each whole common share purchase warrant, a "**March 2019 Warrant**"). Each March 2019 Warrant entitled the holder to acquire one additional Common Share at an exercise price of C\$0.50 for a period of 24 months from issuance.

## **2018**

On November 12, 2018, the Corporation announced that the Romanian Government completed the ratification process of the Corporation's exploitation permit and mining license for the Rovina Valley Project. The fully approved mining license for the Rovina Valley Project was also published in the Official Monitor of the Romanian Government on November 16, 2018. The Corporation announced that it would undertake the Environmental and Social Impact Assessment ("ESIA") and would also continue the feasibility study and preliminary economic assessment accelerating the Rovina Valley Project towards a construction decision.

On November 8, 2018, the Corporation completed a non-brokered private placement financing by issuing 4,333,333 Common Shares at a price of \$0.60 per Common Share for gross proceeds of US\$2 million (equivalent to \$2.6 million at the exchange rate of US\$1.00 to \$1.30 at the time of the transaction) (the "**November Private Placement**") with Orion Mine Finance Fund II LP ("**Orion**"). Pursuant to the November Private Placement, Orion was granted the right to nominate one individual to the Board of Directors provided that Orion continues to hold more than 5% of the issued and outstanding Common Shares. In connection with this right, Michael Barton, a partner with Orion Resource Partners joined the Board of Directors. Mr. Barton replaced Guy Charette, who resigned from the Board of Directors on November 11, 2018.

On October 22, 2018, the Corporation announced that it had received approval from the Toronto Stock Exchange (the "**TSX**") to extend the expiry date of the 3,932,425 outstanding common share purchase warrants ("**2016 Warrants**") that were originally issued by the Corporation on May 19, 2016. Effective November 5, 2018, the expiry date of the 2016 Warrants was extended by six months to May 19, 2019, subject to the accelerated expiry in accordance with the terms of the 2016 Warrants.

On September 19, 2018, the Corporation announced the results of the comprehensive metallurgical pilot plant test program conducted by Eriez Manufacturing at their test facility in the United States. Bulk samples consisting of approximately 3,000 kg per sample; representing the main geometallurgical domains from the Colnic pit and the Rovina pit were selected under the guidance of SRK Consulting. The results delivered an average gold recovery at the Colnic pit of 81.5% and copper recoveries of 88.6% while the average gold recovery of the Rovina pit was 73.2% and copper recoveries averaged 94.7%, all utilizing no cyanide anywhere in the flotation circuit.

## NARRATIVE DESCRIPTION OF THE BUSINESS

The Corporation is principally a mineral exploration and development company. Through its subsidiaries, the Corporation is involved in the exploration and development of mineral properties situated in Romania. The Corporation has carried out extensive exploration programs on three copper-gold porphyry systems referred to as Rovina, Colnic and Ciresata (collectively, the “**Rovina Valley Project**”).

The table below provides a breakdown of exploration and development expenditures on all of the Corporation’s properties over a three-year period ending December 31, 2020:

<u>Year</u>	<u>Exploration Expenditures (US\$)</u>
2018	\$3,665,190
2019	\$2,754,854
2020	\$6,154,826
<b>Total:</b>	<b>\$12,574,864</b>

The Corporation’s long term business objective is to initiate construction of the Rovina Valley Project. However it should be noted that the Corporation will need to successfully complete a number of key milestones prior to being able to achieve its goal, including the completion of the re-zoning plan and the technical plan for the Urbanism Certificate, which includes a Strategic Environmental Assessment and an EIA.

The Corporation’s significant projects for the past three years, as more fully described by management, are set out below.

### **Rovina Valley Gold-Copper Project**

The Rovina Valley Project is situated in the Hunedoara county of Transylvania in western – central Romania. The Rovina Valley Project consists of three deposits, Rovina to the North, Colnic Central and the Ciresata deposit to the south. The DFS only incorporates with the Rovina and the Colnic deposits while the Ciresata deposit can be brought into the project for development later. The Rovina exploration licence is held by Samax Romania S.R.L a Romanian registered company which is a wholly owned subsidiary of ESM. Since November 2018, ESM has possessed an exploitation permit and mining licence with a renewable 20-year validity.

The Colnic and Ciresata deposits are described as gold-copper porphyries while the Rovina deposit is termed a copper-gold porphyry. All three of these deposits are located such that they can access a central processing plant. The Rovina Valley Project processing facility is being designed to produce a gold and copper concentrate from the Colnic and Rovina deposits.

The Rovina Valley Project is within the Golden Quadrilateral Mining District of the South Apuseni Mountains, an area with a history of mining dating back to Roman times. This has supported the development of excellent infrastructure including rail, power and paved access

roads. In addition, there are two international airports less than 180km from the project location. These being in the cities of Timisoara and Sibiu. The town of Brad is within 5km of the project site from where there will be a good source of local skilled labour. Sourcing the right skills and resources locally supports ESM community upliftment opportunities.

The Rovina Valley Project is planned to be mined with a standard open-pit mining method using articulated trucks and a hydraulic loader. The open pit mining operation is anticipated to last approximately sixteen and a half years, during which the lower-grade material will be stockpiled on a pad close to the primary crusher location for treatment over another eighteen months.

Over the life of the project, it is expected that 133.4 Mt of ore will be mined. Of this ore, the Company anticipates that 119.4 Mt will be delivered to the processing facility and 14 Mt low grade ore stockpiled for future processing. A total of 246.7 Mt of material is expected to be mined and placed on the waste facility, representing a life of mine stripping ratio of 1.85:1.

### **Tailings Management**

Klohn Crippen Berger have designed a waste management facility within the project area for the co-deposition of waste rock and filtered rougher tailings. Process plant rougher tailings will be filtered in the plant where the resultant filter cake will be transported by conveyors and will be co-mingled with waste rock prior to deposition. The cleaner tails will be filtered separately from the rougher tailings and the resultant filter cake will be transported by conveyors and deposited separately within a lined zone contained within the boundary of the co-mingled facility and will be stored separately in a lined zone of the waste management facility. This design has been engineered to reduce the risk of development of impacted seepage from potentially acid generating waste rock and capture the impacted seepage from the cleaner tailings. After completion of mining the Colnic pit, the waste rock and rougher tailings will be preferentially backfilled into the Colnic pit, while the cleaner tails will continue to report to the lined zone of the waste management facility.

### **Capital Costs**

The estimated capital costs for the Rovina Valley Project were in almost all cases built up from quotations and proposals from equipment and service providers. The DFS costs currently utilize an owner purchased and operated mining fleet. All financial analysis for the Life of Mine includes the total design, construction and commissioning, production, and closure.

### **Project Opportunities**

The DFS has been completed based upon the development of the Colnic and Rovina pits only. Further developing and treating the resource at Ciresata could further extend the life of the operation while utilising the same infrastructure and processing capabilities already in operation.

## **Rovina Valley Project 2021 Resource Update**

Three porphyry deposits, Rovina (Cu-Au), Colnic (Au-Cu), and Ciresata (Au-Cu), from north to south, comprise the Rovina Valley Project and lie within Euro Sun's 100% owned Rovina Mining License in west-central Romania. All three deposits are in close proximity and, given similar metallurgy, can be treated at a central processing facility. Colnic and Rovina are amenable to open-pit mining and are included in the current 2021 DFS, and Ciresata is envisioned as a bulk underground mining operation and will be evaluated for its economic potential in a later study.

### **Key Milestones**

In April 2019, the Corporation announced that its wholly-owned operating subsidiary, SAMAX Romania SRL ("SAMAX"), received authorization from NAMR to begin mining activity at the Rovina Valley Project. Mining activity as per Romanian mining law includes all prospecting, exploration, development, exploitation, preparation/processing, concentration, commercialization of mining products, conservation and closure of mines, including environmental rehabilitation and recovery related works.

Through SAMAX, the Corporation continues to maintain its proactive local stakeholder engagement program. The program includes local community hall public meetings, a public information centre and partnership programs with local nongovernmental organizations and community leaders to implement community-based projects. The good relations with the community have allowed unhindered surface access for drilling in the Rovina Valley Project area which requires permission from landowners.

The Corporation has one key milestone in progress for completion or substantial completion now that the Definitive Feasibility Study has been completed, being the receipt of an Urbanism Certificate which will result in the issuance of a construction permit, which will allow the Corporation to commence construction on the Rovina Valley Project (the "**Construction Permit**").

With respect to the Construction Permit, the Rovina License ratified by the Romanian Government allows the Corporation to make official requests to the County Council of Hunedoara for an Urbanism Certificate<sup>1</sup> to start the permitting stage of the mining project development. In order to advance to the construction stage there are two urbanism approvals required: (a) for the Area Land Usage Plan and after that, another one (b) for the Project Technical Design Construction Permit:

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<sup>1</sup> The Urbanism Certificate represents an information by which the authorities: (a) make known to the applicant the information regarding the legal, economic and technical regime of the lands and constructions existing at the request date, in accordance with the provisions of the urban plans and their regulations or of the spatial planning plans, as the case may be, approved and approved according to law; (b) establish the urban requirements to be met depending on the specifics of the location; (c) establish the list containing the approvals / agreements necessary for the authorization; and (d) informs the investor / applicant about the obligation to contact the competent authority for environmental protection, in order to obtain the point of view and, as the case may be, of its administrative act, necessary for the authorization.

- (a) Land Usage Plan (re-zoning) is a documentary process of public analysis and decision focused on urbanism development plans that result in changes of land assignment by the county authority to permit utility change from the actual pastoral and forest usage, into a future industrial activities category. Land Usage Plan is the instrument of urban planning of specific regulation, through which the integrated urban development of some areas of the locality is coordinated, characterized by a high degree of complexity or by an accentuated urban dynamics.
- (b) Project Technical Design (construction) results from technical documentation for the authorization of the execution of the construction works which is elaborated by authorized designers and, after certified unchanged, is developed in the technical project prepared according to (i) the legal provisions, (ii) the requirements of the urbanism certificate, (iii) the content of approvals, endorsements, the point of view of the competent environmental protection authority, and, as the case may be, of its administrative act, required by the urbanism certificate.

Each of these urbanism permitting processes: Land Usage Plan (for land utility change) and Project Technical Design (for mining project construction) have to be submitted, sustain and obtain approvals for: (a) specific urbanism documentation and (b) various impact domain assessments<sup>2</sup> (by far, the most important assessment is related to the environmental impact).

In order to sustain the urbanism component of Land Usage Plan permitting process, the Corporation has engaged MetricSpace, an architectural and urban planning firm based in Cluj-Napoca, Romania to provide all the necessary documentation and support to the chief architect of the county.

In November 2019, the Corporation awarded the environmental impact assessment work for the Rovina Valley Project to ERM Environmental Resources Management SRL (“ERM”) based in Bucharest, Romania. ERM will support SAMAX in the preparation of the Notification, public announcements and Environmental Report for rezoning, in line with the Strategic Environmental Assessment Directive, which came into force under Romanian legislation by Government Decision 1076/2004. ERM will also provide support during the permitting procedure, including participation in the Special Committee and Working Groups of Hunedoara County and support during the public hearing until the Corporation has obtained the environmental approval for rezoning. Additionally, ERM will support the preparation of the Notification, Presentation Memorandum and Environmental Impact Assessment (“EIA”), in line with the EIA Directive, which came into force under Romanian legislation by Law No 292/2018. ERM will provide support to the Corporation during the permitting procedure, including participation in the Technical Analysis Committee meetings and support during the public hearing until the Corporation has obtained the Environmental Agreement for construction.

The finalization of the permitting process ends with the issuance of a Construction Permit.

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<sup>2</sup> Required by the County Council authority through the Urbanism Certificates.

In order to be able to submit the Land Usage Land (PUZ) and Strategic Environmental Assessment Romanian legislation requires the issuance of the Opportunity Agreement (“OA”) by the County Council of Hunedoara. All information required by the county for the issuance of the OA was satisfied on March 17<sup>th</sup>, 2021.

All exploration activities undertaken by the Corporation and its subsidiaries in Romania must comply with valid exploration licenses or prospecting permits issued by NAMR in Bucharest, which is responsible for the administration of all mining and exploration licenses and prospecting permits. According to applicable regulations and standard practices in Romania, the Corporation and its subsidiaries must submit reports of work completed and follow-up work programs on an annual basis to NAMR demonstrating its compliance with the terms of such exploration licenses or prospecting permits. The Corporation’s submission in November 2019 demonstrated such compliance. The Corporation anticipates that it will remain in compliance with the terms of its exploration licenses and/or prospecting permits.

**Key Milestones on the Rovina Valley Project to Date**

Initial Resources	Updated Mineral Resources	Exploration Permit Granted	Exploration Permit Ratified	Resources Updated	Project Engineering Study	Definitive Feasibility Study
2006	2007	2012	2015	2018	2019	2021

***Stanija Property***

On October 18, 2016, the Corporation announced that it obtained a new prospecting permit from NAMR for the Stanija area (the “**Stanija PP**”), located approximately 3 km east of its Rovina Valley Mining Licence, in west-central Romania. The Stanija property covers 42 square km in the highly prolific Golden Quadrilateral mining district in the South Apuseni Mountains. The permit was valid for three years and exploration work began immediately. Extensive exploration activities were conducted in the Stanija area after the modern mining law became effective, in 1998; initially from 2000 to 2004 by European Goldfields, and again by Euro Sun’s subsidiary, Samax Romania SRL in 2007. Based on results from this historical work, Euro Sun has already identified several exploration targets within the two target areas. The prospecting permit obtained in September 2016 has since expired and been terminated. In November 2019 the Corporation submitted a request to NAMR to participate in a bidding round with the aim of obtaining an exploration license in respect of the Stanija property.

On November 4, 2019, the Corporation announced that rock chip sampling and grab sample assay results indicated the presence of porphyry-style gold-copper mineralization and gold epithermal vein-style mineralization. Examples include sample CS-10193 with 1.39 g/t Au and 0.34% Cu porphyry style occurrence and sample CS-10104 with 25.9 g/t Au and 0.005% Cu epithermal vein style occurrence. Compilation of historic and the Corporation’s soil sampling programs which cover approximately 80% of the Stanija PP, defines four porphyry targets and one broad zone with epithermal characteristics. A cluster of three porphyry targets (1.5 km apart

from each other) occur 6 km east from the Colnic Au-Cu porphyry deposit on the Rovina License.

### ***Employees***

The Corporation currently employs a total of 6 people throughout the year on a fulltime basis.

SAMAX employs 34 people on a full-time basis. SAMAX operates its head office in Crisior in Hunedoara County. Local labour is employed as needed.

### ***Specialized Skills and Knowledge***

All aspects of the Corporation's business require specialized skills and knowledge. Such skills and knowledge include the areas of finance, geology, drilling, logistical planning and implementation of exploration programs, accounting and natural resources. The Corporation retains executive officers and consultants with experience in these areas. See "*Directors and Officers*" for details as to the specific skills and knowledge of the Corporation's directors and management.

### ***Competitive Conditions***

The gold and copper mineral exploration and mining business is a competitive business. The Corporation competes with numerous other companies and individuals in the search for and the acquisition of attractive gold mineral properties, and to retain qualified personnel, suitable contractors for drilling operations, technical and engineering resources, and necessary exploration and mining equipment. The ability of the Corporation to acquire gold and/or copper mineral properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for gold development, copper development or mineral exploration.

### ***Economic Dependence and Components***

The Corporation's business is not dependent on any contract to sell the major part of its products or to purchase the major part of its requirements for goods, services or raw materials, or on any franchise or license or other agreement to use a patent, formula, trade secret, process or trade name upon which its business depends. It is not expected that the Corporation's business will be affected in the current financial year by the renegotiation, amendment or termination of contracts or subcontracts.

### ***Business Cycles***

The Corporation's business, at its current exploration phase, is not cyclical, and may be conducted year-round.

### ***Environmental Protection***

The Corporation's exploration activities are subject to, and any future development and production operations will be subject to, environmental laws and regulations in the jurisdictions in which its operations are carried out. See "Risk Factors".

Mining is an extractive industry that impacts the environment. The Corporation's goal is to constantly evaluate ways to minimize that impact. The Corporation has strived to meet or exceed environmental standards at the Rovina Valley Project, and the Corporation expects to continue this approach through effective engagement with affected stakeholders, including local communities, government and regulatory agencies.

The Corporation recognizes environmental management as a corporate priority and places a strong emphasis on preserving the environment for future generations, while also providing for safe, responsible and profitable operations by developing natural resources for the benefit of its employees, shareholders and communities. The Corporation intends to maintain the standards of excellence for environmental performance it has set at its mining properties into the future and has adopted various measures in order to do so.

Cognizant of its responsibility to the environment, the Corporation will strive to conform with all applicable environmental laws and regulations and to promote the respect of the environment in its activities. Employees are expected to maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties. Specifically, employees are expected to support the Corporation's efforts to develop, implement and maintain procedures and programs designed to protect and preserve the environment.

## **MINERAL PROJECTS**

The Corporation's primary mineral project is the Rovina Valley Project, located in Romania.

### **Technical Report**

The scientific and technical information included in the below summary has been derived, in part, from, and in some instances are extracts from, the technical report entitled "NI 43-101 Technical Report on the Rovina Valley Project in Romania" with an effective date of April 14, 2021 (the "**Technical Report**") prepared by Nicholas Dempers, MSc Eng (Chem), BSc Eng (Chem), BCom (Man), Pr Eng (RSA), Reg. No. 20150196, FSAIMM (RSA), David Alan Thompson, B-Tech (Mining Engineering), Sivanesean Subramani, BSc Honours (Geology and Economic Geology), Robert Cross, MEng, BAsC P.Eng. (ON): Reg. No. 100173823 P.Geo. (ON): Reg. No. 2845, Carlos A. Diaz Cobos, MASc, BEng P.Eng. (ON): 100191866, Andrew Hovey, BSc Earth Sciences (Hons), RPGeo (AIG) Reg. No. 4202, Kevin Leahy, BSc Honours (Geological Sciences) PhD (Diamond Exploration), Richard W. Lawrence, BSc (Mining Engineering) PhD (Biohydrometallurgy) P.Eng. (BC, Canada, Reg. No. 22564) each of whom is a "qualified person" pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**").

All capitalized terms used in the following summary and not otherwise defined herein have the meanings ascribed to them in the Technical Report. The below summary is subject to all the assumptions, qualifications and procedures set out in the Technical Report. The Report was prepared in accordance with NI 43-101. For full technical details of the report, reference should be made to the complete text of the Technical Report, which has been filed with the applicable regulatory authorities and is available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). The summary set forth below is qualified in its entirety with reference to the full text of the Technical Report. The authors of the Technical Report have reviewed and approved the scientific and technical disclosure contained in this Annual Information Form.

## Summary

Euro Sun retained Senet Pty ("**Senet**") and Caracle Creek International Consulting ("**CCIC**") to complete the DFS and updated Reserve and Resource statement for the Colnic and Rovina open pits within their Rovina Valley Project ("**RVP**"). The project is located in the Golden Quadrilateral Mining District of the South Apuseni Mountains in west-central Romania, approximately 300 km northwest of the city of Bucharest, the capital city of Romania.

The DFS incorporates the results of the updated National Instrument 43-101 compliant mineral reserves and resources estimated for the DFS. CCIC concludes, effective March 1, 2021, the mineral Proven and Probable reserves of the Colnic and Rovina deposits amounts to 133.40 million tonnes grading at 0.43 g/t Au and 0.16 % Cu, containing 1.83 million ounces of gold and 208 thousand tonnes of copper. The mineral reserve estimate uses a base gold price of US\$1,500/oz and a base copper price of US\$3.00 per lb.

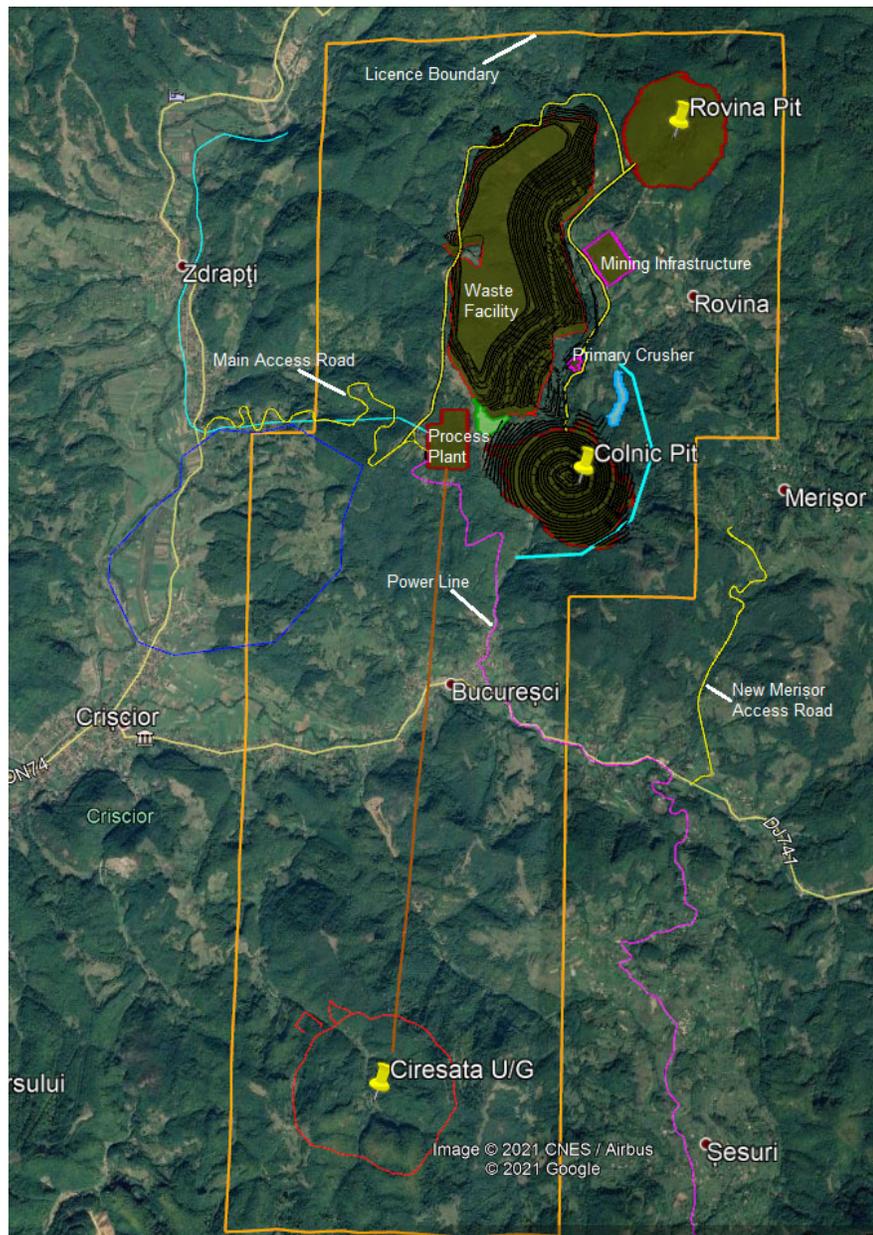
The DFS concluded that the Colnic deposit and Rovina deposit could be developed as a phased open pit sending 133.4 Mt of mill feed grading 0.43 g/t Au and 0.16 % Cu to a nearby process facility. This would be done over a 16.8- year mine life. The 7.2 Mtpa process plant operates with conventional crushing, grinding followed by flotation to produce a gold rich copper concentrate. A site layout has been prepared to illustrate the proposed location of required infrastructure, mining and processing facilities in Figure 1-1.

The study used a gold price of \$1,550/oz and copper price of \$3.30/lb. With those prices, the project is estimated to have an after-tax IRR of 19.2% and a pay-back period of 4.8 years after start of production. At a discount rate of 5%, the after tax NPV is estimated at USD\$359M.

The Ciresata deposit, while not a component of the DFS study, represent opportunity to expand the life of mine of the project. Their inclusion in the overall project should be assessed as the project advances.

With the current level of information for the RVP, Senet does not foresee any Mineral Resources, potential economics, or environmental issues that would inhibit the Project from advancing to further levels of study.

**Figure 1-1 Rovina Valley Project (Phase 1 Colnic) Proposed Site Layout**



## 1.1 Geology

The Rovina, Colnic, and Ciresata Porphyry deposits are the principal exploration targets on the Property, with their locations defining a north-northeast trend. The Rovina Porphyry is the northern-most with the Colnic Porphyry lying approximately 2.5 km south of the Rovina Porphyry, and the Ciresata Porphyry approximately 4.5 km south of the Colnic Porphyry.

The Rovina Property consists of one Exploitation (Mining) License (the Rovina Exploitation License, Number 18174/2015 for Cu-Au) centered at approximately latitude 46°07' N and

longitude 22° 54' E or 515,000 N and 340,000 E using the “Stereo70” projection of the Romanian National Geodetic System. Euro Sun, through intermediary subsidiaries, owns 100% of SAMAX Romania SRL (SAMAX), which in turn owns 100% of the Rovina Exploitation License. SAMAX is a duly registered company in the town of Criscior, Romania.

Year-round principal access to the property is on a paved two-lane highway to the historic gold mining town of Brad followed by secondary paved roads eastward for 7 km, which passes through the town of Criscior and onward to the village of Bucuresti within the property.

On a regional level, the majority of the mineral deposits in the Romanian-Hungarian region are located in the Carpathian Fold Belt; an arcuate orogenic belt which is part of a much larger belt extending westward into Austria and Switzerland and south into Serbia and Bulgaria. These belts developed during the late Cretaceous and Tertiary periods, following closure of the Tethys Ocean, due to the collision of continental fragments of Gondwana with continental Europe and the related subduction of small, intervening oceanic basins. The development of the Carpathian Fold Belt was accompanied by widespread igneous activity, including a suite of late Cretaceous to early Eocene acidic to intermediate intrusive and extrusive rocks, known as “banatites”. These rocks are believed to have formed early stages of subduction and are host to several Cu-Mo-Fe Porphyry and skarn deposits.

The Apuseni Mountains represent a somewhat “isolated massif” with the Carpathian Fold Belt. The southern portion of the Apuseni Mountains, where the Apuseni-Rovina Property is located, consists of a complex area of Palaeozoic (and older) metamorphic rocks, Mesozoic ophiolites and sedimentary rocks and Tertiary igneous and sedimentary rocks.

On a local level, the property covers a sequence of Neogene-aged subvolcanic intrusive rocks, which in other parts of the Golden Quadrilateral, host epithermal and porphyry-style mineralization. Euro Sun’s exploration programs have identified Au-rich porphyry systems (the Rovina, Colnic, and Ciresata deposits) hosted by these Neogene subvolcanic intrusives. The Rovina and Colnic porphyry deposits lie within a northeastern volcanic outlier of the 8 to 10 km diameter, Neogene-aged, Brad-Barza volcanic field. The Brad-Barza volcanic field is well-known for hosting high-grade gold veins with historic gold production dating back to the Roman period (ca. 2,000 years ago). The Ciresata porphyry, 4.5 km south of Colnic, lies within the eastern part of the Brad-Barza volcanic field.

The main mineralized targets on the Rovina property are the Rovina Cu-Au porphyry, Colnic Au-Cu porphyry, and the Ciresata Au-Cu porphyry. Porphyry deposits in general are large, low-to medium-grade deposits in which primary (hypogene) sulphide minerals are dominantly structurally-controlled and which are spatially and genetically related to felsic to intermediate porphyritic intrusions.

The mineralized porphyries at Rovina, Colnic, and Ciresata display moderate to intense potassic hydrothermal altered cores, and strong quartz stockwork veining. The Au-Cu mineralization

manifests as stockworks and disseminations centered on porphyritic, subvolcanic-intrusive complexes of hornblende-plagioclase diorites. These porphyries would classify as gold-rich, especially Ciresata and Colnic, and contain many of the features common in gold-rich porphyries (i.e. dioritic, calc-alkaline stock associated) and abundant magnetite alteration. Oxidation is restricted to the uppermost few metres of the prospect and no significant oxide cap or supergene enriched horizons have been encountered to date.

## **1.2 Resource Statement**

The resource estimate was originally completed in 2012. The interpolated grades were not updated in 2019 since there was no additional data added that would materially affect the grade models. The metal prices and resource constraining shell were updated to bring the resource current and in conformance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Mineral Resource and Mineral Reserve definitions referred to in the National Instrument 43-101 (NI 43-101), Standards of Disclosure for Mineral Projects.

This updated resource estimate by CCIC incorporates all drilling results that were available as of April 23, 2012 for Rovina and Colnic deposits only.

All routine sample preparation and analyses of the Euro Sun samples were performed by ALS Chemex Romania Laboratory (ALS) in the town of Gura Rosiei (where the Rosia Montana Project is located), about 45 minutes' drive northwest of the project area. A comprehensive Quality Assurance/Quality Control (QA/QC) program involving the use of coarse blanks, standards, and duplicates has been instigated following recommendations by AMEC Foster Wheeler (AMEC) in 2006 and 2007. The current QA/QC programs meet or exceed standard industry practices.

Prior to mineral resource estimation, CCIC conducted data verification consisting of a site visit and a database audit.

Based on the review of the QA/QC, data validation statistical analysis, and metallurgical test work, CCIC draws the following conclusions:

- CCIC has reviewed the methods and procedures to collect and compile geological, geotechnical, and assaying information for the Rovina, Colnic, porphyry deposits, and found they met accepted industry standards for an advanced stage project and were suitable for the style of mineralization found on the property.
- While other companies conducted work on the property, only Euro Sun's data was used in the resource estimate. This ensured modern assaying techniques and proper QA/QC protocols were in place for the entire drill program and eliminated any need to rely on historical data.

- A QA/QC program utilizing industry standard blanks, standards, and duplicate samples has been used on the Project since the beginning of the Euro Sun exploration program. QA/QC submission rates meet industry-accepted standards. In CCIC's opinion, Euro Sun exceeds standards by re-inserting coarse and pulp rejects in the sample stream to monitor the accuracy of the laboratory assays. In addition, a select suite of pulps is analysed at a secondary laboratory.
- An apparent high bias in the copper assays was noted for the 2010 to 2012 drill campaign during the QA/QC monitoring program which did not exist in the 2006 to 2008 program. Euro Sun queried its principal laboratory on this bias and a subsequent QA/QC investigation concluded an error with calibration fluids was responsible and corrected. A total of 2,376 samples from Rovina were re-assayed and utilised for the resource estimation.
- Data verification was performed by CCIC through site visits, collection of independent character samples, and a database audit prior to mineral resource estimation. CCIC found the database to be exceptionally well maintained and error free, and suitable for use in mineral resource estimation.
- Although additional sampling may be beneficial, CCIC is of the opinion that with the samples currently available, the specific gravity determinations are representative of the in-situ bulk density of the rock types.
- Sampling and analysis programs using standard practices provided acceptable results. CCIC believes the resulting data can effectively be used in the estimation of resources.
- Core handling, core storage, and chain of custody are consistent with industry standards.
- In CCIC's opinion, the current drill hole database is sufficient for interpolating grade models for use in resource estimation.
- Mineral resources were classified using logic consistent with the 2014 CIM definitions referred to in NI 43-101. At Rovina and Colnic, the mineralization, density, and position of the drill holes satisfies sufficient criteria to be classified into the Proven and Probable, Measured, Indicated, and Inferred categories.
- This independent mineral reserve and resource statement by CCIC was disclosed by Euro Sun on March 1, 2021

The mineral Proven and Probable reserves of the Colnic and Rovina deposits amounts to 133.40 million tonnes grading at 0.43 g/t Au and 0.16 % Cu, containing 1.83 million ounces of gold and 208 thousand tonnes of copper. The mineral reserve estimate uses a base gold price of US\$1,500/oz and a base copper price of US\$3.00 per lb.

**Table 1: Rovina Valley 2021 Mineral Reserve Estimate Colnic and Rovina Deposits**

Deposit	Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (koz)	Cu (t)
Colnic	Proven	24.27	0.64	0.11%	500.5	26 860.9
	Probable	49.49	0.52	0.08%	828.7	41 004.7
Rovina	Proven	24.01	0.32	0.28%	247.8	67 469.3
	Probable	35.62	0.22	0.20%	249.5	72 896.1
Colnic & Rovina	Proven	48.28	0.48	0.20%	748.3	94 330.2
	Probable	85.11	0.39	0.13%	1 078.2	113 900.8
<b>Total</b>	<b>Proven &amp; Probable</b>	<b>133.40</b>	<b>0.43</b>	<b>0.16%</b>	<b>1 826.5</b>	<b>208 231.0</b>

The Mineral reserve estimate uses a base gold price of \$1,500/oz and a base copper price of \$3.00/lb

The total Measured and Indicated resources for Colnic and Rovina deposits amounted to 237.8 million tonnes grading at 0.42 g/t Au and 0.17 % Cu, containing 3.18 million ounces of gold and 882 million pounds of copper. copper.

**Table 2: Rovina Valley 2021 Mineral Resource Estimate Colnic and Rovina Deposits**

Deposit	Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (Moz)	Cu (Mlb)	Au Eq* (g/t)	Au Eq* (Moz)
Colnic	Measured	29.1	0.65	0.12	0.61	77	0.82	0.77
	Indicated	97.5	0.49	0.10	1.53	215	0.63	1.98
Rovina	Measured	33.1	0.36	0.29	0.38	212	0.77	0.82
	Indicated	78.1	0.26	0.22	0.66	379	0.57	1.43
Colnic & Rovina	Measured	62.2	0.50	0.21	0.99	289	0.79	1.58
	Indicated	175.6	0.39	0.15	2.19	594	0.60	3.41
<b>Total</b>	<b>Measured &amp; Indicated</b>	<b>237.8</b>	<b>0.42</b>	<b>0.17</b>	<b>3.18</b>	<b>882</b>	<b>0.65</b>	<b>4.99</b>

**Notes:**

- \*Au and Cu Equivalent determined by using a long-term gold price of US\$1,700/oz and a copper price of US\$3.50/lb with metallurgical recoveries not taken into account.
- Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- Mineral Resources are contained within a conceptual pit shells that are generated using the same

Deposit	Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (Moz)	Cu (Mlb)	Au Eq* (g/t)	Au Eq* (Moz)
<p><i>economic and technical parameters as used for Mineral Reserves but at gold price of US\$1,700/oz and a copper price of US\$3.50/lb.</i></p> <ul style="list-style-type: none"> <li>• <i>Colnic and Rovina deposits are amenable to open pit mining and Mineral Resources are Pit constrained and tabulated at a base case cut-off grade of 0.35 g/t AuEq for Colnic and 0.25 % CuEq for Rovina</i></li> <li>• <i>Minor summation differences may occur, as a result of rounding.</i></li> <li>• <i>Mineral Resource estimates follow the CIM definition standards for Mineral Resources and Reserves and have been completed in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument 43-101.</i></li> </ul>								

**Table 3: Rovina Valley 2019 Mineral Resource Estimate Ciresata Deposit**

Deposit	Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (Moz)	Cu (Mlb)	Au Eq* (g/t)	Au Eq* (Moz)
Ciresata	Measured	28.5	0.88	0.16	0.81	102	1.13	1.03
	Indicated	125.9	0.74	0.15	3.01	413	0.97	3.92
<b>Total</b>	<b>Measured &amp; Indicated</b>	<b>154.4</b>	<b>0.77</b>	<b>0.15</b>	<b>3.82</b>	<b>515</b>	<b>1.00</b>	<b>4.95</b>

**Notes:**

- *From Table 14-20, Technical Report “Rovina Valley Project, Preliminary Economic Assessment, NI 43-101, Feb. 20, 2019” from AGP Mining Consultants Inc (available on SEDAR)*
- *Au and Cu Equivalent determined by using a long-term gold price of US\$1,500/oz and a copper price of US\$3.50/lb with metallurgical recoveries not taken into account.*
- *The Ciresata deposit is amenable to bulk underground mining and resources are tabulated at a base case 0.65 g/t Au eq.*
- *No Mineral Reserves have been defined at the Ciresata deposit. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.*
- *Minor summation differences may occur, as a result of rounding.*
- *Mineral Resource estimates follow the CIM definition standards for Mineral Resources and Reserves and have been completed in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument 43-101.*

### 1.3 Mining

The DFS study focused on the development of the Colnic and Rovina deposits only. The pits are scheduled to provide 7.2 Mtpa of mill feed to the process plant over a 16.8-year mine life after 2 years of pre-stripping.

A total of 133 Mt of mill feed grading 0.43 g/t Au and 0.16 % Cu will be sent to the process plant over the life of mine. The life of mine strip ratio is 1.85:1 (waste:mill feed).

The mine cost estimation is based on leasing the mining fleet. A 20% down payment is included in capital and the remainder of the lease cost is applied to sustaining capex. The life of mine operating cost is expected to average \$1.96 /t moved over the 16.8-year mine life. Costs associated with the pre-strip have been capitalized.

## 1.4 Mineral Processing and Metallurgical Testing

Comprehensive metallurgical test work programs have been carried out over the years, but this technical report summarizes test work results related to the Colnic deposit and covers recently completed metallurgical test work by Eriez. The results of this metallurgical test work program were used to develop the preliminary flowsheet configuration, primary circuit grinding targets, reagent addition, and metallurgical predictions.

The samples tested to date exhibit metallurgical characteristics considered typical of copper porphyry mineralization with almost all copper typically occurring as chalcopyrite. Pyrite is the main sulphide gangue component and is present in concentrations varying from 1% to approximately 7%. Occasional pyrrhotite is noted within the Colnic deposit. Limited mineralogy has defined a gold population consisting of discrete and fine-grained particles associated mainly with chalcopyrite and pyrite, but also locked within silicate minerals.

Benchtop flotation testing and a pilot plant test program was performed to investigate the column flotation response of the two major geometallurgical domains previously defined for Colnic. Large composite samples (~3,000 kg each) designated as MET-42 (Colnic K1 Domain) and MET-44 (Colnic K2K3 Domain) were prepared from core samples to represent each of the domains with respect to copper and gold grade, lithology, and composition.

From the Eriez column flotation testwork, the key conclusions were:

- Laboratory pilot plant column flotation results showed column flotation technology can be advantageously used for gold and copper flotation of Colnic MET-42, and Colnic MET-44 samples.
- Column flotation, with use of wash water, provided greater results compared to conventional mechanical flotation.
- For Colnic MET-42, an overall copper recovery of 93.5% and overall gold recovery of 84% were achieved in bulk rougher-scavenger column flotation. However, the combined rougher-scavenger and cleaner circuit copper and gold flotation recoveries were approximately 82.8% at a copper grade of 22.2%, and 77.6% at a gold grade of 109 g/t, respectively. The average zinc grade in the final concentrate was 4.2%.
- For Colnic MET-44, rougher-scavenger column flotation copper and gold recoveries were 96.6% and 88.5%, respectively. The average rougher-scavenger and cleaner circuit copper recovery was 94.3% at the copper grade of 21.2%. The corresponding rougher-scavenger and cleaner circuit gold recovery was 85.5% at the final concentrate gold grade of 83 g/t. The zinc grade in the final concentrate averaged 1.6%.

## 1.5 Recovery Methods

The Rovina process plant design is based on a robust metallurgical flowsheet to produce a copper-gold concentrate at optimum recovery while minimizing initial capital expenditure and operating costs. The flowsheet comprises primary crushing, milling (SAG and ball mills), rougher, scavenger, cleaner and re-cleaner flotation, regrinding, concentrate dewatering, concentrate bagging, and tailings dewatering for dry stacking.

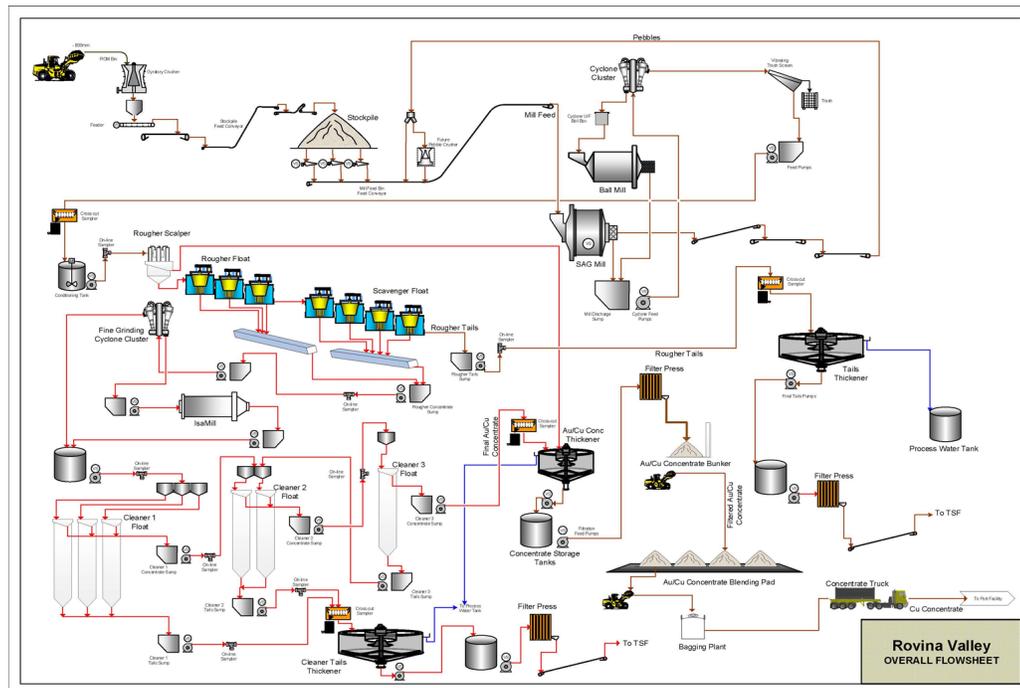
The key criteria for equipment selection are suitability for duty, reliability, and ease of maintenance. The plant layout is conceived to provide ease of access to all equipment for operating and maintenance requirements while, in turn maintaining a layout that will facilitate construction progress in multiple areas concurrently.

The key project design criteria for the plant are:

- nominal throughput of 21,000 tpd material
- the comminution circuit has been sized to produce grind size of P80 of 75  $\mu\text{m}$ , and regrinding mill will grind rougher-scavenger concentrate to a P80 of 13  $\mu\text{m}$  to recover an estimated 90% of the contained copper and 80% of the contained gold
- copper-gold concentrate will be filtered, and the filter cake will be bagged
- scavenger tailings will be filtered and disposed as 'dry' tailings and commingled with the mine waste rock
- sufficient automation and plant control will be incorporated to minimize the need for continuous operator intervention but to allow manual override and control if and when required.

The overall process flow diagram showing major unit operations is shown in Figure 1-2.

**Figure 1-2 Overall Process Flow Diagram**



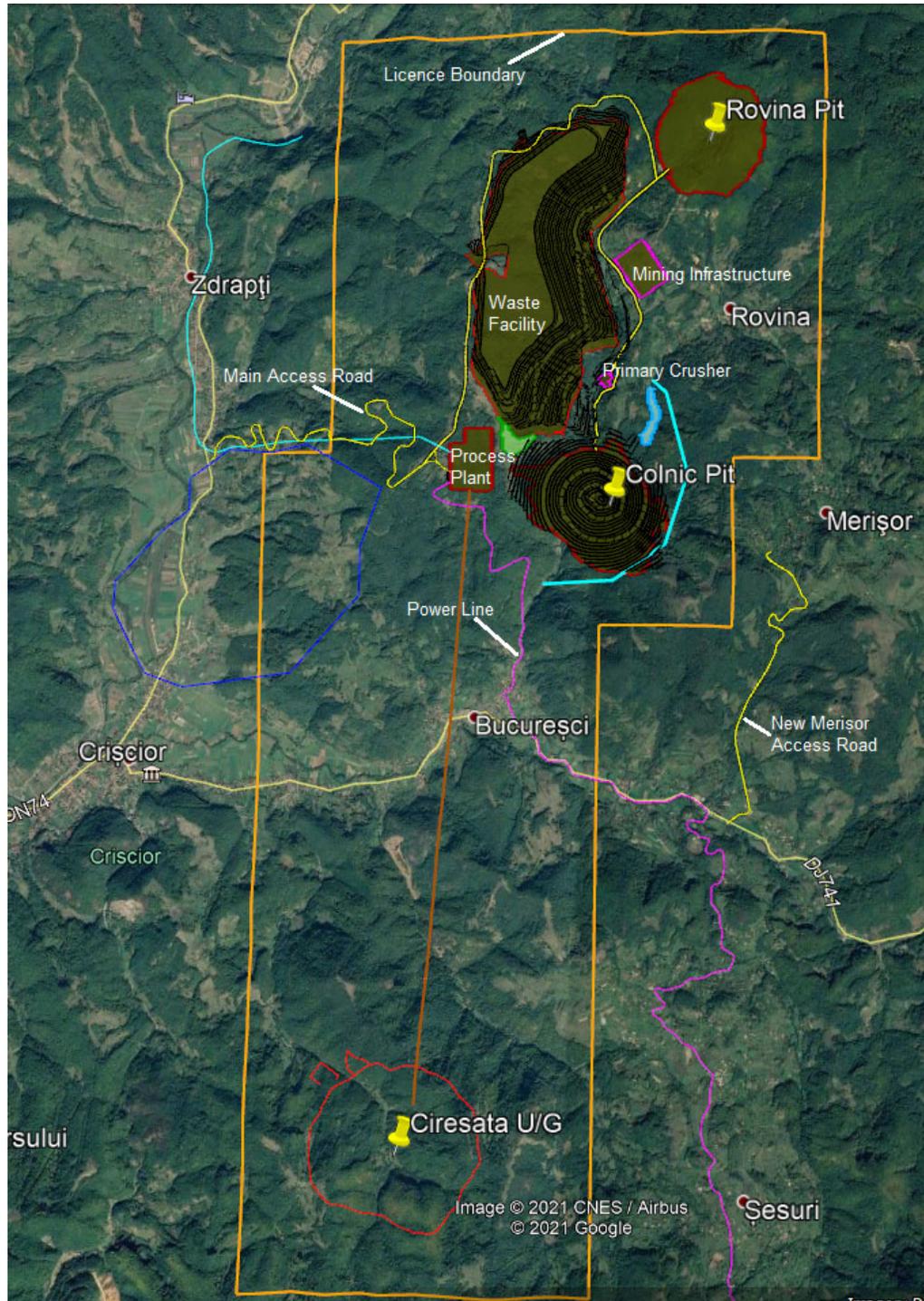
### 1.6 Infrastructure and Site Layout

The overall site plan is shown in Figure 1-3 and includes major facilities of the Project including the Colnic and rovina open pit mine, primary crushing and overland conveying, process plant, filtered tailings and waste rock facility, raw water supply, powerline, mine services, and access roads.

Access to the facility is from the west side of the property off an existing road. Main access will be via the main security gate near the process plant.

Grid power will be provided from an incoming HV line directly from the Mintia power plant. Raw water will be provided from a dam northwest of the property.

A small diversion dam will be constructed upstream of the Colnic pit to divert the Rovina creek into a 1.85 km tunnel and move the flow away from the active mining operations.



## 1.7 Economic Analysis

A simple pre and post-tax cash flow model using excel was prepared by behalf of Euro Sun. Input data was provided from a variety of sources, including various consultants' contributions to this DFS, pricing obtained from external suppliers, and exchange rates and project specific financial data received from Euro Sun.

At a gold price of \$1,550/oz and copper price of \$3.30/lb, the project is estimated to have an after-tax IRR of 19.2% and a pay-back period of 4.8 years after start of production. At a discount rate of 5%, the after tax NPV is estimated at \$359M. The project economics have been summarized in Table 1.

**Table 1: Definitive Feasibility Highlights**

DFS Phase 1 Highlights	Life of Mine	First 10 Years
Gold price	\$1550/oz	
Copper price	\$3.30/lb	
Processing Rate	21,000 tonnes per day	
Mine Life	<b>16.8 Years</b>	
<b>Average annual gold equivalent production</b>	<b>132,000 ounces</b>	<b>146,000 ounces</b>
Average annual gold production	81,000 ounces	106,000 ounces
Average annual copper production	24.3 million pounds	19 million pounds
<b>All-in sustaining costs</b>	<b>\$813/oz Au eq</b>	<b>\$790/oz Au eq</b>
Pre-strip Capital	\$12.7 million	
Initial Capital	\$386.6 million	
<b>Total Initial Capital</b>	<b>\$399.2 million</b>	
Sustaining Capital	\$47.7 million	
<b>Pre-Tax NPV (5% discount rate)</b>	<b>\$447 million</b>	
<b>Pre-Tax IRR</b>	<b>21.3%</b>	
<b>Post-Tax NPV (5% discount rate)</b>	<b>\$359.3 million</b>	
<b>Post-Tax IRR</b>	<b>19.2%</b>	

## 1.8 Environmental

### Setting and Baseline

The RVP is located in a rural, mainly forested location in the Rovina Valley in the Apuseni Mountains. All the main project components are located in a small tributary valley running north from the Rovina Valley, apart from the Colnic pit which straddles the Rovina Valley Stream. The tributary valley will be significantly altered by the Rovina pit in the upper headwaters and the waste facilities of co-mingled tailings and waste rock that run the entire length of the western slopes. The Rovina Valley Stream will be diverted in a tunnel around the Colnic pit and

downstream of the diversion, the stream course will be dammed and used as the contact water pond, fed by drainage captured in the tributary valley and from pit dewatering.

Although critical habitats are not likely to be present, the forests, streams and meadows have high biodiversity and host numerous listed species. Despite the presence of small areas of historical mine workings and waste, soil, water and groundwater quality is good in the area, as is air quality.

The village of Rovina is the closest settlement, and eleven plots in its western outlying district are within the footprint of the waste facilities and haul roads. Most of the village is close to the mine footprint and will be impacted to some extent. Residents currently rely on fountain and well water, which baseline surveys have found to be of poor quality, and part of the RVP plan is to use some of the raw water supply to treat and provide potable water to the residents of Rovina.

## **RISK FACTORS**

The operations of the Corporation as well as those of its subsidiaries are speculative due to their nature, the location in which they operate, and the relative stages of their development. The following risk factors pertain to the business and operations of the Corporation and its subsidiaries.

### **Nature of Mineral Exploration and Mining**

The exploration and development of mineral deposits involve significant risks over an extended period of time which even with a combination of careful evaluation, experience and knowledge may not eliminate. As a result, few properties which are explored are ultimately developed into producing mines. The long term profitability of the Corporation's operations will be in part related to the cost and the success of its exploration programs, which programs may be affected by a number of factors out of the Corporation's control, such as commodity prices, the availability of skilled personnel, qualified vendors and the availability of critical equipment and capital.

Substantial expenditures on drilling and related costs are required to establish reserves through drilling, to determine the technical and economic feasibility of mining and extraction and, if warranted, to develop the mining and processing facilities and infrastructure of any given project. Although substantial benefits may be derived from the discovery of a major mineralized deposit, it is impossible to ensure that proposed exploration programs on the properties will result in profitable mining operations. There is no assurance that the Corporation's expenditures will result in discoveries of commercially viable ore bodies. Furthermore, there can be no assurance that the Corporation's estimates of future exploration expenditures will be accurate. Actual expenditures may be significantly higher than currently anticipated. Whether a deposit will be commercially viable depends on a number of factors, including, but not limited to, the particular attributes of the deposit (e.g. size and grade of the deposit), costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use and environmental

protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on its invested capital.

### **Exploration and Development Risks**

Mineral exploration and mining involve considerable financial and technical risks. Substantial expenditures are usually required to establish ore reserves, to evaluate mineral treatment processes and to construct mining and processing facilities. The Corporation cannot assure that the current exploration programs planned by the Corporation will result in profitable commercial mining operations, as few properties that have been explored are ultimately developed into producing mines. Unusual or unexpected geological formations, unstable ground conditions that could result in cave-ins or landslides, floods, power outages or fuel shortages, labour disruptions, fires, explosions, and the inability to obtain suitable or adequate machinery, equipment, materials or labour are risks associated with the conduct of exploration programs and the operation of mines, any of which could result in legal liabilities arising therefrom. The Corporation has relied, and may continue to rely, upon consultants for expertise with respect to the construction and operation of a mining facility.

### **Construction and Start-up of New Mines**

The success of construction projects and the start-up of new mines by the Corporation is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), the successful completion and operation of the ore pass, the plant, the conveyors to move the ore and other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Corporation is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Corporation will be successful; that the Corporation will be able to obtain sufficient funds to finance construction and start-up activities; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Corporation will be able to obtain all necessary governmental approvals and permits; and that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Corporation. Any of the foregoing factors could adversely impact the operations and financial condition of the Corporation.

### **Foreign Jurisdictions**

The Corporation's assets are all located outside of Canada. It may be difficult or impossible to effect service or notice to commence legal proceedings upon foreign governments,

persons and businesses. Even if effected, it may not be possible to enforce against such parties, judgements obtained in Canadian courts predicated upon the civil liability provisions available under Canadian laws.

The Corporation conducts its operations through foreign subsidiaries which hold all of the assets in connection with the Rovina License. Accordingly, any limitations placed by foreign governments on the transfer of cash or other assets between the Corporation and its subsidiaries could restrict the Corporation's ability to fund the Rovina License efficiently. Any such limitations could have an adverse impact on the Corporation's prospects, financial condition and results of operations.

The Corporation's assets are located in Romania, which causes it to be subject to certain risks, including possible political or economic instability, which may result in the impairment or loss of licenses or mineral rights. Mineral exploration and mining activities may be affected in varying degrees by instability and government regulations relating to the mining industry, which could include the cancellation or renegotiation of licenses and other contracts, changes in local domestic laws or regulations, changes in tax laws, royalty and tax increases, restrictions on production, price controls, expropriation of property, fluctuations in foreign currency, foreign exchange controls, import and export regulations, restrictions on the export of gold, restrictions on the ability to repatriate earnings and pay dividends, environmental legislation, employment practices and mine safety. There can be no assurance that such restrictions and controls will not be imposed in the future and such restrictions, controls or fluctuations may materially affect the Corporation's financial position as well as the Corporation's ability to develop its assets. Any changes in the laws, rules or regulations, policies or shifts in political attitudes regarding foreign investment in the Romanian mining industry are beyond the Corporation's control and may adversely affect its business.

### **No Assurance of Title to Exploration Licenses or Surface Rights**

To carry out its activities, the Corporation must obtain licenses and or permits to explore for minerals in any given area. These licenses are granted by government agencies and, once granted, are registered with such agencies. The Corporation has conducted title searches on all of its exploration licenses and, to the best of its knowledge; the titles to all of its licenses are in good standing. However, this should not be construed as a guarantee of such titles. The Corporation's licenses may be subject to prior unregistered agreements or transfers or third party claims or may also be affected by other undetected defects. There is no assurance that the interests of the Corporation in any of its licenses may not be challenged or impugned.

Exploration licenses do not include the surface rights to the areas covered by such licenses nor the accesses thereto. In the event that a positive development and or production decision is made, the Corporation would need to acquire the surface rights to the areas covered by such licenses and possibly other surface rights providing access to such areas. These surface rights may be owned by governmental authorities or private interests and there is no guarantee that the Corporation would ever be able to acquire such surface rights on reasonable terms or at all.

## **Environmental and other Regulatory Requirements**

Key environmental and social risks are similar to those associated with other gold mining projects and include the social license to operate; air quality and noise impacts; safeguarding rivers and biodiversity by mitigating permanent effects; and risks associated with land acquisition and resettlement.

The RVP has attracted the attention of international and national NGOs and national media interest. Local community relationships in this historical mining region are good, although community engagement has highlighted concerns around the environmental impact and consequent effects on human health. Land acquisition will be complex, and resettlement will also pose challenges that need to be carefully managed.

Air quality from dust and noise impacts are likely to affect the closest residents, although the extent is not currently known as baseline surveys and mitigation studies are not yet complete. The diverse forest habitats in the RVP area may meet the criteria for European Bank for Reconstruction and Development (EBRD) priority biodiversity features and IFC natural habitat, and will require further investigation and evaluation. Impacts will be managed by the application of the mitigation hierarchy and careful biodiversity-led management of re-forestation during the closure phase.

The RVP will cause high-magnitude impacts on soils, surface water and groundwater. However, these impacts and risks can be mitigated, to the extent that they are not likely to be significant, by the designs adopted by the RVP and by careful management of the specific structures, practices and plans that have been developed to protect them. The mine closure process is a critical element of this mitigation, based on a closure concept of re-forestation of the waste facilities, plant areas, and one of the pits, with the other pit being converted to a lake. In the long term, once geochemical and geotechnical stability has been achieved, the Rovina Valley, stream though altered, can return to flow without requiring active treatment. Permits, Licenses and Approvals

The operations of the Corporation require permits, licenses and approvals from various governmental and non-governmental authorities. The Corporation has obtained, or will be required to obtain, all necessary permits, licenses and approvals required to carry on its operations under applicable laws and regulations. However, such permits, licenses and approvals are subject to change in regulations and in various operating circumstances. There can be no assurance that the Corporation will be able to obtain all necessary permits, licenses and approvals required to carry out exploration, development and mining operations in connection with its proposed projects.

### **Uncertainty of Mineral Resource Estimates**

The figures for mineral resources presented herein are estimates, and no assurance can be given that the anticipated tonnage and grades will be achieved or that the indicated level of recoveries of gold and copper will be realized. The ore grade actually recovered by the Corporation may differ from the estimated grades of the mineral resources. Such figures have been determined based on assumed gold and copper prices and operating costs.

Mineral resource estimates for properties that have not commenced production are based, in most instances, on very limited and widely spaced drill hole information, which is not necessarily indicative of conditions between and around the drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained.

### **Mineral Deposits, Production Costs and Metal Prices**

The economics of developing mineral deposits are affected by many factors including variations in the grade of ore mined, cost of operations and fluctuations in the sale prices of products. The value of the Corporation's mineral properties is heavily influenced by metal prices. Metal prices can and do change substantially over a short period of time, and are affected by numerous factors beyond the control of the Corporation, including, but not limited to, changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, new discoveries, speculative activities and increased production arising from improved mining and production methods. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Corporation's properties can be mined profitably. Depending on the price received for minerals produced, the Corporation may determine that it is impractical to commence or continue commercial production.

The grade of any ore ultimately mined from a mineral deposit may differ from the Corporation's estimates based on drilling results. Production volumes and costs can be affected by such factors as the proximity and the capacity of processing facilities, permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short-term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on the results of the operations. Moreover, there can be no assurance that any gold, silver, copper or other minerals recovered in small-scale laboratory tests will be achieved under production scale conditions. Although precautions to minimize risks will be taken, processing operations are subject to hazards such as equipment failure or failure of tailings impoundment facilities, which may result in environmental liability.

### **Volatility of Gold Price**

The price of gold is primarily influenced by interest rate cuts, volatility in the credit and financial markets, strong investment demand and inflation expectations. As with many other commodities, the price of gold has fluctuated widely in recent years. While the price of gold is currently in the order of US\$1,711.05 per oz, there can be no assurance that gold prices will

remain at such levels or be such that the Corporation's properties can be exploited at a profit. If the price of gold declines, it could have a material adverse effect on the Corporation's share price, business and operations.

### **Volatility of Copper Price**

The price of copper is dependent on the global supply and demand factors that are beyond the control of the Corporation. The price of copper is currently in the order of US\$8,866 per tonne; however, there can be no assurances that the price will remain at this level or be at such a price that the Corporation's properties can be exploited at a profit.

### **Infrastructure**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

### **Liquidity Concerns and Future Financing**

The viability of further development and exploration of the various mineral properties in which the Corporation holds interests will depend upon the Corporation's ability to obtain financing through joint ventures, equity financing, debt financing or other means. There is no assurance that the Corporation will be successful in obtaining required financing when needed. Volatile markets for precious and base metals may make it difficult or impossible for the Corporation to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain such additional financing could result in the dilution or complete loss of the Corporation's interests in these properties.

### **Competition**

The mineral exploration and mining business is competitive in all of its phases. The Corporation competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Corporation, in the search for and the acquisition of attractive mineral properties. The ability of the Corporation to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Corporation will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

### **Acquisitions and Integration**

From time to time, the Corporation examines opportunities to acquire additional mining assets and businesses. Any acquisition that the Corporation may choose to complete may be of a significant size, may change the scale of the Corporation's business and operations, and may

expose the Corporation to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Corporation has committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; the Corporation may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Corporation's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Corporation chooses to raise debt capital to finance any such acquisition, the Corporation's leverage will be increased. If the Corporation chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Corporation may choose to finance any such acquisition with its existing resources. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

### **Litigation Risks**

All industries, including the mining industry, are subject to legal claims, with and without merit. The Corporation may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Corporation's financial position or results of operations.

### **Dependence on Key Individuals**

The Corporation is dependent on a relatively small number of key personnel, and the loss of any one of them could have an adverse effect on the Corporation. In addition, while certain of the Corporation's officers and directors have experience in the exploration and development of mineral producing properties; the Corporation will remain highly dependent upon contractors and other third parties in the performance of its exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Corporation or be available upon commercially acceptable terms.

### **Conflicts of Interest**

The directors and officers of the Corporation will not be devoting all of their time to the affairs of the Corporation. The directors and officers of the Corporation are also directors and officers of other companies, some of which conduct business similar to that of the Corporation. The directors and officers of the Corporation are required by law to act in the best interest of the Corporation. They have the same obligations to the other companies to which they act as directors and officers. The discharge by the directors and officers of their obligations to the

Corporation may result in a breach of their obligations to the other companies and, in certain circumstances; this could expose the Corporation to liability to those companies. Similarly, the discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interest of the Corporation. Such conflicting obligations may expose the Corporation to liability to others and impair its ability to achieve its business objectives.

### **Compliance with Anti-Corruption Laws**

The Corporation is subject to various anti-corruption laws and regulations including, but not limited to, the Canadian Corruption of Foreign Public Officials Act. In general, such laws prohibit a company and its employees and intermediaries from bribing or making prohibited payments to foreign officials or other persons to obtain business or gain some other business advantage. The Corporation's operations are located in Romania, a country which, according to Transparency International, is perceived as having significantly higher levels of corruption relative to Canada. The Corporation cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which its operations may be subject or the manner in which existing laws may be administered or interpreted.

Failure to comply with applicable anti-corruption legislation could expose the Corporation and/or its senior management to civil and/or criminal penalties, other sanctions, remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Corporation's business, financial condition and results of operations, as could any investigation of any potential violations of applicable anti-corruption legislation by Canadian or foreign authorities.

As a consequence of these legal and regulatory requirements, the Corporation has adopted policies and procedures with regard to business ethics and anti-corruption which have been designed to ensure that the Corporation and its employees comply therewith. However, there can be no assurance or guarantee that such efforts have been or will be completely effective in ensuring the Corporation's compliance and the compliance of its employees, consultants, contractors or agents with all applicable anti-corruption laws and regulations.

### **Insurance**

The Corporation currently holds a certificate of insurance underwritten by Encon Group Inc. providing for Directors and Officers Liability coverage of up to \$5,000,000, inclusive of defence costs. Additionally, the Corporation carries a general liability policy in the amount of \$5,000,000. There is no guarantee that these policies will provide sufficient protection for the Corporation against certain risks associated with mineral exploration and related corporate activities. Even with these policies in place, there remains a risk that unusual liabilities may not be covered or that the insured amounts may prove insufficient.

### **Fluctuation in Market Value of the Corporation's Shares**

The market price of the publicly traded Common Shares is affected by many variables not directly related to the performance of the Corporation, including, but not limited to, the

market in which the Common Shares are traded, the strength of the economy generally, the availability and attractiveness of alternative investments and the breadth of the public market for the stock. The effect of these factors on the market price of the Common Shares in the future cannot be predicted.

### **Rising Production Costs**

Like other mining companies similar in size, the Corporation is faced with the challenge of rising production and energy costs. Such rising costs are caused by, among other things, high commodity prices, higher royalty and tax structures, the weak U.S. dollar and long delays in permitting mineral projects and may affect the ability of mining companies to explore, commence or sustain economically viable production at their mines. While the recent onset of the recession has had the effect of abating these pressures somewhat, there is no guarantee that costs will not rise again in future thereby having an adverse effect on the Corporation's ability to carry out its intended plans with respect to its mineral properties if the price of carrying out such plans is no longer commercially reasonable.

### **Equipment, Materials and Skilled Technical Workers**

The Corporation is dependent on the availability of affordable and accessible equipment, replacement parts, and repair services and the absence or disrepair of such equipment, parts and services could affect or halt exploration or eventual production on the properties of the Corporation. There can be no guarantee that such equipment, parts or repair services will be available to the Corporation, or that such equipment, replacement parts or repair work will be available on commercially reasonable terms.

The Corporation is dependent on the availability of affordable and accessible materials. There can be no guarantee of the availability, quality and reliability of the supply of neither such materials, nor that such materials will continue to be available to the Corporation on commercially reasonable terms.

The Corporation is also dependent on the availability of skilled technical workers to carry out various functions on the properties of the Corporation. There can be no guarantee that such skilled workers will be available to carry out such activities on behalf of the Corporation or that such workers will be available on commercially reasonable terms.

### **Nature and Climatic Conditions**

The Corporation and the mining industry continually face geotechnical challenges which could adversely impact the Corporation's production and profitability. Unanticipated adverse geotechnical and hydrological conditions, such as severe rainfall, floods, landslides, droughts, pit wall failures and rock fragility may occur, and such events may not be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict are often affected by risks and hazards outside of the Corporation's control. Such conditions could result in limited access to mine sites, suspensions or reductions in operations, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts which could cause the Corporation's projects to be less profitable than currently anticipated and

could result in a material adverse effect on the Corporation's results of operations and financial position.

### **Negative Operating Cash Flow**

Given that none of the Corporation's properties have yet to enter commercial production and generate cash flow, the Corporation had negative operating cash flow for its financial year ended December 31, 2020. To the extent that the Corporation has negative cash flow in future periods, the Corporation may need to deploy a portion of its cash reserves to fund such negative cash flow.

### **Current Global Financial Conditions**

Current global financial conditions have been characterized by markedly increased volatility and have led to intervention by governments in many financial markets. Access to public financing has been negatively impacted by the lack of readily available money caused by the pandemic caused by the novel coronavirus COVID-19. These factors may impact the ability of the Corporation to obtain equity and/or debt financing in the future or on terms favourable to the Corporation. Additionally, these factors, as well as other related factors, may cause decreases in the asset values that are deemed to be other than temporary, which may result in impairment losses.

### **Public Health Crises such as the COVID-19 Pandemic and other Uninsurable Risks**

Events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. General global economic conditions seemingly unrelated to the Corporation or to the mining industry, including, without limitation, interest rates, general levels of economic activity, fluctuations in the market prices of securities, participation by other investors in the financial markets, economic uncertainty, national and international political circumstances, natural disasters, or other events outside of the Corporation's control may affect the activities of the Corporation directly or indirectly.

In the course of development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. The Corporation's business, operations and financial condition could also be materially adversely affected by the outbreak of epidemics or pandemics or other health crises. For example, in late December 2019, a novel coronavirus ("COVID-19") originated, subsequently spread worldwide and on March 11, 2020, the World Health Organization declared it was a pandemic. The risks of public health crises such as the COVID-19 pandemic to the Corporation's business include without limitation, the ability to gain access to government officials, the ability to continue drilling, the ability to raise funds, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, disruption of the Corporation's supply chains and other factors that will depend on future developments beyond the Corporation's control. In particular, the continued spread of the coronavirus globally, prolonged restrictive measures put in place in order to control an outbreak of COVID-19 or other adverse public health developments could materially and adversely impact the Corporation's business and the exploration and development

of the Rovina Valley Project could materially slow down or the Corporation could be required to suspend its operations for an indeterminate period.

There can be no assurance that the Corporation's personnel will not ultimately see its workforce productivity reduced or that the Corporation will not incur increased medical costs or insurance premiums as a result of these health risks. In addition, the coronavirus pandemic or the fear thereof could adversely affect global economies and financial markets resulting in volatility or an economic downturn that could have an adverse effect on the demand for gold and the Corporation's future prospects. Epidemics such as COVID-19 could have a material adverse impact on capital markets and the Corporation's ability to raise sufficient funds to finance the ongoing development of its material business. All of these factors could have a material and adverse effect on the Corporation's business, financial condition and results of operations. The extent to which COVID-19 impacts the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak.

It is not always possible to fully insure against such risks, and the Corporation may decide not to insure such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Common Shares of the Corporation. Even after the COVID-19 pandemic is over, the Corporation may continue to experience material adverse effects to its business, financial condition and prospects as a result of the continued disruption in the global economy and any resulting recession, the effects of which may persist beyond that time.

The COVID-19 pandemic may also have the effect of heightening other risks and uncertainties disclosed and described in this Annual Information Form. To date, the COVID-19 crisis has not materially impacted the Corporation's operations, financial condition, cash flows and financial performance. In response to the outbreak, the Corporation has instituted operational and monitoring protocols to ensure the health and safety of its employees and stakeholders, which follow the advice of local governments and health authorities where it operates. The Corporation has adopted a work from home policy where possible. The Corporation continues to operate effectively whilst working remotely. The Corporation will continue to monitor developments of the pandemic and continuously assess the pandemic's potential further impact on the Corporation's operations and business.

### **Currency Fluctuations**

Currency fluctuations may affect the costs that the Corporation incurs for its exploration programs and at its operations. Gold and copper are sold throughout the world based principally on a U.S. dollar price, but some of the Corporation's operating expenses are incurred in other currencies including Euros and Romanian Lei. The fluctuation of the Euro or Lei against the U.S. dollar will influence the cost of gold and copper production at such mining operations and could materially affect the Corporation's earnings and financial condition.

## DIVIDENDS AND DISTRIBUTIONS

The Corporation has not declared nor paid any dividends and does not foresee the declaration or payment of dividends in the near future. Any decision to pay dividends on the Common Shares will be made by the Board of Directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

## DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, all without nominal or par value. The holders of the Common Shares are entitled to vote at all shareholder meetings and to receive such dividends as the Board of Directors, in its discretion, shall declare and have rights upon dissolution or winding up of the Corporation. The preferred shares are issuable in series, and the directors of the Corporation have the right, from time to time, to fix the number of, and to determine the designation, rights, privileges and conditions attaching to the shares of series, including the rate or amount of dividends thereon (if any), the method of calculating any dividends, the dates of payment thereof, the right (if any) to convert shares of a series into shares of another series of preferred shares or into another class of shares (including Common Shares), the right (if any) to participate in the remaining assets of the Corporation upon its liquidation or dissolution, as well as any other rights, privileges, restrictions or conditions attached to a series of preferred shares, subject to any limitations set out in the Corporation's articles of incorporation. The holders of preferred shares are not, as such, entitled to receive notice of, to attend or to vote at any meetings of shareholders of the Corporation, subject to the provisions of the CBCA.

As at the date hereof, there were at total of 169,750,514 Common Shares and no preferred shares issued and outstanding.

## MARKET FOR SECURITIES

On May 2, 2003, the Common Shares commenced trading on the TSX Venture Exchange (the "TSX-V") under the trading symbol "CPN". On November 1, 2006, the Common Shares were removed from the TSX-V and began trading on the TSX. On July 21, 2015, the Common Shares were delisted from the TSX, and trading of the Common Shares began on the Canadian Securities Exchange on July 22, 2015. On September 9, 2016, the Common Shares were removed from the Canadian Securities Exchange, and the Common Shares began trading on the TSX on September 12, 2016 under the trading symbol "ESM".

The following table provides the price ranges and volume traded of the Common Shares on a monthly basis for each month of the most recently completed financial year:

Month	High (\$)	Low (\$)	Volume
December 2020	0.36	0.295	7,212,500
November 2020	0.40	0.295	4,841,200

October 2020	0.445	0.33	4,211,500
September 2020	0.50	0.38	7,626,000
August 2020	0.63	0.435	16,128,300
July 2020	0.55	0.31	24,222,100
June 2020	0.35	0.275	12,733,240
May 2020	0.51	0.31	13,262,067
April 2020	0.36	0.17	6,954,908
March 2020	0.27	0.135	5,162,385
February 2020	0.31	0.21	5,085,296
January 2020	0.355	0.255	5,634,690

### ESCROWED SECURITIES

There are no securities of the Corporation that are subject to escrow restrictions.

### DIRECTORS AND OFFICERS

#### Name, Occupation and Security Holdings

The following table outlines the names and residency of all the directors and the officers of the Corporation, together with their respective principal occupations for the past five years. The directors and officers of the Corporation, as a group, own, directly or indirectly, 316,193 Common Shares representing approximately 0.19% of the Corporation's issued and outstanding share capital. The term of office of each director of the Corporation expires at each annual meeting of the shareholders of the Corporation, unless such director resigns prior thereto. The officers of the Corporation are appointed by the Board of Directors.

Director/Officer	Director or Officer Since	Number of Common Shares Owned Directly or Indirectly <sup>(1)</sup> (as of date hereof)	Number of Options to Purchase Common Shares (as of date hereof)
G. Scott Moore Ontario, Canada	May 19, 2016	102,650	4,108,753
<i>Director and Chief Executive Officer</i>			

**Principal Occupation:** Mr. Moore is the Corporation's Chief Executive Officer. Mr. Moore is a business executive with over 25 years of experience in the resource and durable goods sectors. He is the former President and CEO of Dacha Strategic Metals, and Executive Vice President of Sulliden Mining Capital Inc. Mr. Moore holds a Bachelor of Arts degree from the University of Toronto and an MBA from the Kellogg School of Management.

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<b>Paul Bozoki</b> Ontario, Canada	June 1, 2016	0	842,188
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***Chief Financial Officer***

**Principal Occupation:** Mr. Bozoki is the Corporation's Chief Financial Officer. Mr. Bozoki is a Chartered Accountant and holds an MBA with over 19 years of accounting, tax and corporate finance experience in Canada and Europe. He is also the Chief Financial Officer of Black Iron Inc., an iron ore exploration and development company. From 2007 through September 2010, he was the Chief Financial Officer of CD Capital Partners, a privately held real estate development firm focused on developing mixed use retail and office real estate in Russia, Ukraine and Romania. Mr. Bozoki is experienced in matters of international taxation and foreign capital markets and began his career at Ernst & Young LLP where he spent six years auditing clients in mining and other industries in Canada, Australia and Hungary.

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<b>Samuel Rasmussen</b> Sheridan, Wyoming	January 6, 2020	0	1,300,000
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***Chief Operating Officer***

**Principal Occupation:** Mr. Rasmussen is the Corporation's Chief Operating Officer. Mr. Rasmussen has accumulated over 25 years of experience in building and operating large tonnage mines for international miners such as Glencore, Lundin Mining, Freeport McMoRan and Anglo American. As CEO of the Kamoto Copper mine in the Democratic Republic of Congo, Mr. Rasmussen was responsible for all site operations, and completion of construction of a 300,000 tonnes per annum copper cathode facility and 40,000 tonnes per annum cobalt hydroxide facility. As general manager, operations, for Freeport McMoRan Copper and Gold Tenke Fungurume operations, he was responsible for the management of the feasibility study, engineering, EPCM contractor and greenfield construction of this \$1.8 billion project in the Democratic Republic of Congo. Mr. Rasmussen is a graduate of the Colorado School of Mines.

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<b>Bradley Humphrey</b> Ontario, Canada	September 13, 2016	80,000	575,265
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*Vice President of Corporate Development*

**Principal Occupation:** Mr. Humphrey is the Corporation's Vice President of Corporate Development. Mr. Humphrey has over 20 years of international mining experience, principally as a precious metals analyst focused on gold and silver companies across all stages of development through to senior producers. Mr. Humphrey formerly worked for Morgan Stanley Research as an Executive Director and North American Precious Metals Analyst, where he was responsible for growing Morgan Stanley's North American Gold research coverage and building its global gold research platform. Prior to joining Morgan Stanley he was a Managing Director and Head of Mining Research at Raymond James as well as a mining analyst at CIBC World Markets and Merrill Lynch. Before beginning his equity research career, Mr. Humphrey held a broad range of industry positions from Corporate Development to contract underground miner. Mr. Humphrey holds a Bachelor of Commerce from the University of Guelph.

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<b>Randall K. Ruff</b> Grosseto, Italy	May 24, 2004	96,108	0
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*Executive Vice President, Exploration*

**Principal Occupation:** Mr. Ruff has been the Executive Vice President, Exploration of the Corporation since February, 2008, and has been working with the Corporation's subsidiary companies on the Romanian project since 2000. Mr. Ruff was a consulting project geologist before becoming Chief Operating Officer for CGL in 2002, and thereafter became Chief Operating Officer of the Corporation in 2004. Prior to that, Mr. Ruff worked as a senior geologist for SAMAX Resources Ltd. (1997 to 1999) and as a project/district geologist for Santa Fe Pacific Gold Corp. (1993 to 1997).

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<b>David C. Danziger<sup>(2)</sup></b> Ontario, Canada	September 17, 2010	37,435	504,376
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*Director*

*Chair of the Audit Committee*

*Member of the Human Resources & Compensation Committee*

**Principal Occupation:** Mr. Danziger is a practising Chartered Professional Accountant with over 30 years of experience in audit, accounting and management consulting and over 25 years experience specific to the mineral resource sector. He is currently a partner and the Senior Vice President of Assurance at MNP LLP, Chartered Professional Accountants and also serves as a director for a number of TSX and TSX-V listed companies. Mr. Danziger is a past member of the OSC's Advisory Committee on Small and Medium Sized Enterprises as well as the CPA/PDAC Taskforce on IFRS for Mining.

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<b>Eva Bellissimo</b> <sup>(2)</sup> Ontario, Canada	April 8, 2019	0	300,000
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**Director**

*Chair of the Corporate Governance &  
Nominating Committee*

*Member of the Human Resources &  
Compensation Committee*

**Principal Occupation:** Ms. Bellissimo is a partner with McCarthy Tétrault LLP, where she co-leads McCarthy Tétrault's Global Metals & Mining Group. Ms. Bellissimo's practice focuses on M&A, corporate finance and securities law compliance matters. With over 19 years of experience in the mining industry, Ms. Bellissimo has been a trusted advisor to numerous companies in the industry and has led hundreds of transactions, having developed a strong reputation as a strategic and pragmatic lawyer. Ms. Bellissimo is a graduate of Western University, B.A. (ACS) (with Distinction), 1998, and Western University Law School, LL.B., 2001. She was called to the Ontario Bar in 2002.

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<b>Danny Callow</b> <sup>(2)</sup> Somerset West, South Africa	October 15, 2019 <sup>(3)</sup>	0	300,000
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**Director**

*Chair of the Human Resources &  
Compensation Committee*

**Principal Occupation:** Mr. Callow has over 25 years of experience in building and operating large tonnage mines globally. Mr. Callow was formerly Head of African Copper Operations for Glencore PLC., Chief Executive Officer and Executive Director of Katanga Mining Limited and Chief Executive Officer of Mopani Copper Mines PLC. Mr. Callow is a Professional Mining Engineer and holds an MBA from Henley Management College and a Bachelor (Hons) of Mining Engineering from the Camborne School of Mines. In addition, he holds a non-executive Director professional diploma from FT-London.

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<b>Bruce Humphrey</b> <sup>(2)</sup> Ontario, Canada	November 7, 2019	0	300,000
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***Director***

*Member of the Corporate Governance &  
Nominating Committee*

**Principal Occupation:** Mr. Humphrey is a professional mining engineer with over 45 years experience working in senior management roles with both junior and senior mining companies. As Chairman of Consolidated Thompson Iron Mines Limited, he was instrumental in construction of the \$1.2 billion Bloom lake mine project. He was the CEO of Desert Sun Mining and re-developed the Jacobina mine in Brazil back into production and up until its sale to Yamana Gold in 2006. Mr. Humphrey was the Chief Operating Officer of Goldcorp Inc. from 1998 to 2004 responsible for developing the Red Lake mine into a world class asset. Mr. Humphrey is a former director of Yamana Gold, Rio Alto, B2Gold Corp, Crocodile Gold Corp., Avion Gold and Sulliden Gold Corporation Ltd. He is a member of the Professional Engineers of Ontario.

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<b>Peter Vukanovich</b> <sup>(2)</sup> Ontario, Canada	June 30, 2020	0	300,000
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***Non-Executive Chair & Director***

*Member of the Audit Committee*

**Principal Occupation:** Mr. Vukanovich is an entrepreneurial business leader who has built teams that delivered growth and results through various business cycles over the last 30 years. He's currently a board director of Real Matters Inc. (REAL:TSX) and leads PMV Consulting Inc. in providing a variety of consulting services to financial and technology companies. From May 2016 to October 2018, he was Senior Vice President of Teranet Inc.'s Commercial Solutions division. From June 2013 to September 2015, he served as President and Chief Executive Officer of CFF Bank (now Home Bank), a federally regulated Canadian bank. From October 1997 to May 2012, he held a number of senior executive roles with Genworth Financial Canada/GE Capital Mortgage Insurance Canada, including President and Chief Executive Officer for many of those years. He oversaw its significant growth as it became Canada's largest private mortgage insurance company and listed on the TSX. He was also a founding board member of Edgefront Realty Inc. (now Nexus REIT NXR-UN.V) a TSX venture listed real estate investment trust. Mr. Vukanovich is a Chartered Professional Accountant, holds a Bachelor of Commerce degree from the University of Toronto and has been a member of numerous not-for-profit boards and advisory committees.

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<b>Paul Perrow</b> <sup>(2)</sup> Ontario, Canada	June 30, 2020	0	300,000
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***Director***

*Member of the Audit Committee*

*Member of the Corporate Governance &  
Nominating Committee*

*Member of the Human Resources &  
Compensation Committee*

**Principal Occupation:** Mr. Perrow has over 30 years of experience in the asset management industry. Mr. Perrow was Senior Vice President, Director of Sales and Marketing with CI Investments Inc. until December 1996. From 1996 to 2013 he held a number of other senior industry positions including Managing Partner of Red Sky Capital, Co-Head and Managing Director of Merrill Lynch Investment Managers Canada, Co-Founder and President of Fairway Capital and President and CEO of BluMont Capital. He currently also serves as a director of DI Financial Corp.

Notes:

- (1) The information as to shares beneficially owned, not being within the knowledge of the management of the Corporation, has been furnished by the respective individuals or has been extracted from the register of shareholdings maintained by the Corporation's transfer agent.
- (2) These directors are considered "independent" pursuant to Multilateral Instrument 52-110 – Audit Committees.

**Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as disclosed below, none of the directors or executive officers of the Corporation are, as at the date hereof, or have been, within the ten years prior to the date hereof, a director or executive officer, of any company that:

- (a) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while director or executive officer was acting in the capacity as director or executive officer, other than:
  - (i) Mr. Danziger, in relation to his directorship at American Apparel, Inc. ("**American Apparel**"), a company listed on the NYSE MKT LLC exchange. Mr. Danziger was appointed as a director of American Apparel on July 11, 2011 and resigned as a director on June 14, 2015. Subsequently, on October 5, 2015, American Apparel announced that it had reached an agreement with its lenders to significantly reduce its debt and interest payments through a consensual pre-arranged reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy

Court for the District of Delaware. On October 6, 2015, American Apparel announced that it received a notification letter stating that the staff of NYSE regulation, Inc. determined to suspend trading immediately and commence proceedings to delist American Apparel's common stock from NYSE MKT LLC. The Chapter 11 reorganization was approved by the Court in January 2016; and

- (ii) Mr. Danziger and Mr. Ruff, in relation to a permanent management cease trade order, dated April 16, 2014, which superseded a temporary management cease trade order, dated April 4, 2014 (the "MCTO"), issued by the OSC against Guy Charette, in his capacity as Interim CEO of the Corporation and Rishi Tibriwal, in his capacity as CFO of the Corporation. The MCTO was issued in connection with the Corporation's failure to file its (x) audited annual financial statements for the period ended December 31, 2013, (y) management's discussion and analysis relating to the audited annual financial statements for the period ended December 31, 2013, and (z) corresponding certifications of the foregoing filings as required by National Instrument 52-109 – *Certification of Disclosure in the Issuer's Annual and Interim Filings*. The MCTO was lifted on June 19, 2014 following the filing of the required continuous disclosure documents on June 17, 2014. During the period of the MCTO, Mr. Danziger was a director of the Corporation and Mr. Ruff was an officer of the Corporation; or
- (b) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director or executive officer and which resulted from an event that occurred while that person was acting in the capacity as director or executive officer.

None of the directors or executive officers of the Corporation, except for Mr. Danziger in respect of American Apparel as disclosed above, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

- (a) is, as at the date hereof, or has been within the 10 years before the date of hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a

receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

None of the directors or executive officers of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

Certain directors and officers of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest which they may have in any property or opportunity of the Corporation. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter. The directors and officers of the Corporation are not aware of any such conflicts of interests.

## **AUDIT COMMITTEE**

The purpose of the Audit Committee of the Corporation's Board of Directors is to provide assistance to the directors of the Corporation in fulfilling their legal and fiduciary obligations with respect to matters involving accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. It is the objective of the Audit Committee to maintain communication among the directors of the Corporation, the external auditors and the senior management of the Corporation.

### **Audit Committee Charter**

The text of the Audit Committee's charter is attached to this Annual Information Form as Appendix "A".

### **Composition of the Audit Committee**

The Audit Committee meets with the Corporation's auditors as necessary and before submission of audited annual financial statements to the Board. The Audit Committee is responsible for assessing the performance of the Corporation's auditors and for reviewing the Corporation's financial reporting and internal controls. The Audit Committee met quarterly

during the fiscal year ended December 31, 2020.

The Audit Committee members are currently David Danziger (Chairman), Paul Perrow and Peter Vukanovich, each of whom is a director and financially literate. All three members of the Audit Committee are independent in accordance with Sections 1.4 and 1.5 of NI 52-110.

### **Relevant Education and Experience**

Collectively, the members of the Audit Committee have considerable skill and professional experience in accounting, business and finance.

Mr. Danziger is a practicing Chartered Professional Accountant with over 30 years of experience in audit, accounting and management consulting and over 13 years of experience specific to the mineral resource sector. He is currently a partner and the Senior Vice President of Assurance at MNP LLP, Chartered Professional Accountants and also serves as a director for a number of TSX and TSX-V listed companies. Mr. Danziger is a past member of the OSC's Advisory Committee on Small and Medium Sized Enterprises as well as the CPA/PDAC Taskforce on IFRS for Mining.

Mr. Callow has over 25 years of experience in building and operating large tonnage mines globally. Mr. Callow was formerly Head of African Copper Operations for Glencore PLC., Chief Executive Officer and Executive Director of Katanga Mining Limited and Chief Executive Officer of Mopani Copper Mines PLC. Mr. Callow is a Professional Mining Engineer and holds an MBA from Henley Management College and a Bachelor (Hons) of Mining Engineering from the Camborne School of Mines. In addition, he holds a non-executive Director professional diploma from FT-London.

Mr. Vukanovich is an entrepreneurial business leader who has built teams that delivered growth and results through various business cycles over the last 30 years. He's currently a board director of Real Matters Inc. (REAL:TSX) and leads PMV Consulting Inc. in providing a variety of consulting services to financial and technology companies. From May 2016 to October 2018, he was Senior Vice President of Teranet Inc.'s Commercial Solutions division. From June 2013 to September 2015, he served as President and Chief Executive Officer of CFF Bank (now Home Bank), a federally regulated Canadian bank. From October 1997 to May 2012, he held a number of senior executive roles with Genworth Financial Canada/GE Capital Mortgage Insurance Canada, including President and Chief Executive Officer for many of those years. He oversaw its significant growth as it became Canada's largest private mortgage insurance company and listed on the TSX. He was also a founding board member of Edgefront Realty Inc. (now Nexus REIT NXR-UN.V) a TSX venture listed real estate investment trust. Mr. Vukanovich is a Chartered Professional Accountant, holds a Bachelor of Commerce degree from the University of Toronto and has been a member of numerous not-for-profit boards and advisory committees.

Each of the current members of the Audit Committee acts, or has acted, as a director, officer and/or audit committee member of other public issuers and, as such, has obtained experience in the analysis and evaluation of financial statements generally and an understanding of the internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

The Board has not determined not to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor at any time since the commencement of the most recently completed financial year.

### **Pre-Approval Policy and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

### **External Auditor Disclosure**

The auditors of the Corporation are currently McGovern Hurley LLP, Chartered Professional Accountants of Toronto, Ontario.

### **Audit Fees**

The following table provides detail in respect of audit, audit related, tax and other fees payable by the Corporation to the external auditors for professional services for the past two completed financial years:

<b>Year Ended</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
<b>December 31, 2020 (estimated)</b>	\$55,000	Nil	\$,4500	Nil
<b>December 31, 2019</b>	\$82,000	Nil	\$4,500	Nil

Audit Fees – payable for professional services rendered by the auditors for the audit of the Corporation’s annual financial statements as well as services provided in connection with statutory and regulatory filings, which included the review of quarterly financial statements and related documents.

Audit-Related Fees – payable for other professional services rendered by the auditors.

Tax Fees – payable for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – payable for professional services which are not reported under the “Audit Fees”, “Audit-Related Fees” and “Tax Fees” categories.

## PROMOTERS

No person or company has been a promoter of the Corporation during the two years immediately preceding the date of this Annual Information Form.

## LEGAL PROCEEDINGS

To the knowledge of management, no legal proceedings of a material nature involving the Corporation have been initiated or are contemplated by any individuals, entities or governmental authorities.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management is unaware of any material interest of any officer or director of the Corporation, or of any person or any associate or affiliate of any such person, in any transaction within the three most recently completed financial years of the Corporation or any proposed transaction that has materially affected or would materially affect the Corporation or any of its affiliates.

## TRANSFER AGENT AND REGISTRAR

The Corporation's registrar and transfer agent for the Common Shares is TSX Trust Company, having an office at:

100 Adelaide Street West, Suite 301  
Toronto, Ontario  
M5H 4H1

## MATERIAL CONTRACTS

Except for contracts entered into by the Corporation in the ordinary course of business or otherwise disclosed herein, no contracts entered into by the Corporation during the financial year ended December 31, 2020, or which remain in effect, can reasonably be regarded as presently material. Copies of these agreements are available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

## INTERESTS OF EXPERTS

The auditors of the Corporation during the year ended December 31, 2020 were McGovern Hurley LLP ("McGovern Hurley"). McGovern Hurley has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Nicholas Dempers, MSc Eng (Chem), BSc Eng (Chem), BCom (Man), Pr Eng (RSA), Reg. No. 20150196, FSAIMM (RSA), David Alan Thompson, B-Tech (Mining Engineering), Sivanesean Subramani, BSc Honours (Geology and Economic Geology), Robert Cross, MEng, BSc P.Eng. (ON): Reg. No. 100173823 P.Geo. (ON): Reg. No. 2845, Carlos A. Diaz Cobos,

MASc, BEng P.Eng. (ON): 100191866, Andrew Hovey, BSc Earth Sciences (Hons), RPGeo (AIG) Reg. No. 4202, Kevin Leahy, BSc Honours (Geological Sciences) PhD (Diamond Exploration), Richard W. Lawrence, BSc (Mining Engineering) PhD (Biohydrometallurgy) P.Eng. (BC, Canada, Reg. No. 22564) have prepared and certified the Technical Report, which has been described in this Annual Information Form and each is independent of the Company applying all of the tests contained in NI 43-101.

To the knowledge of the Company, the persons above, as a group, beneficially owned, or controlled or directed, directly or indirectly, less than 1% of the issued and outstanding Common Shares, at the time of or after such person prepared the statement, report or valuation, and none of the persons above is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

### **ADDITIONAL INFORMATION**

Additional information about the Corporation is available at the Corporation's website at [www.eurosunmining.com](http://www.eurosunmining.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Information about the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's shares, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's Management Information Circular for the Corporation's 2020 annual and special meeting of shareholders which was held on July 31, 2020.

Additional financial information about the Corporation is provided in the Corporation's audited consolidated financial statements as at December 31, 2020, the notes thereto and the report of the Corporation's auditors thereon, as well as the Management's Discussion and Analysis for the financial year ended December 31, 2020.

Copies of these documents, together copies of any documents or the pertinent pages of any documents incorporated by reference in this Annual Information Form, are available upon request to the Corporation's Corporate Secretary at 66 Wellington Street West, Suite 5300, TD Bank Tower Box 48, Toronto, Ontario, M5K 1E6, provided that the Corporation may require payment of a reasonable charge if the request is made by a person who is not a security holder of the Corporation. All of this documentation is also available on SEDAR at [www.sedar.com](http://www.sedar.com).



## AUDIT COMMITTEE CHARTER

### A. PURPOSE

The primary function of the Audit Committee (the “Committee”) of Euro Sun Mining Inc. (the “Company”) is to assist the Board of Directors of the Company (the “Board”) in fulfilling its oversight responsibilities, relating to each of the:

- (a) Company’s accounting and financial reporting process and systems of internal accounting and financial controls;
- (b) quality and integrity of the Company’s financial statements;
- (c) Company’s compliance with legal and regulatory requirements; and
- (d) independence and performance of the Company’s external auditor.

### B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Board shall appoint the members and the Chair of the Committee each year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
2. The Committee shall consist of at least three members of the Board all of whom shall be independent in accordance with the securities laws, rules, regulations and guidelines of all applicable securities regulatory authorities, including without limitation the securities commissions in each of the provinces and territories of Canada, and the stock exchanges on which the Company’s securities are listed, including without limitation the Toronto Stock Exchange and also including all and any rules, regulations or laws applicable by virtue of any listing of the Company’s securities on any of the exchanges maintained by the London Stock Exchange plc. (collectively, “Securities Laws”), subject to any exemptions provided thereunder.
3. All Committee members shall be financially literate as defined by Securities Laws. The Chair of the Board shall be an ex-officio member of the Committee.
4. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.
5. The Corporate Secretary of the Company shall be the secretary of the Committee, unless otherwise determined by the Committee.
6. The Committee shall meet at least four times annually on such dates and at such locations as may be determined by the Chair and may also meet at any other time or times on the call of the Chair, the external auditor or any two of the other Committee members.

7. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. The Committee may also act by unanimous written consent of its members.
8. The external auditor or any two Directors may request the Chair to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to the external auditor or such Directors, and may participate in such meeting.
9. Notice of the time and place of every meeting shall be given in writing or by e-mail communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
10. The Chair shall develop the Committee's agenda, in consultation with the other members of the Committee, the Board and management, as necessary. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.
11. At the invitation of the Chair, one or more officers or employees of the Company may, and if required by the Committee shall, attend a meeting of the Committee. The external auditor shall receive notice of and have the right to attend all meetings of the Committee.
12. The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).
13. The external auditor shall have a direct line of communication to the Committee through the Chair and may bypass management if deemed necessary. The external auditor shall report to the Committee and is ultimately accountable to the Board and the Committee.
14. The Committee, through its Chair, may contact directly the external auditor, the internal auditor, if any, and any employee of the Company as it deems necessary.
15. In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Company, to the Company's legal counsel and to such other information respecting the Company as it considers necessary or advisable in order to perform its duties and responsibilities.
16. The Committee shall annually assess its performance and review this charter and the calendar of activities, attached as Appendix A, and submit any recommended changes thereto for approval by the Board.

#### **C. OUTSIDE CONSULTANTS AND ADVISORS**

The Committee, when it considers it necessary or advisable, may retain, at the Company's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to approve the fees and other retention terms for such persons.

#### **D. ROLES AND RESPONSIBILITIES**

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities as outlined in the "Purpose" section of this charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions.

The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee as outlined in the “Purpose” section of this charter.

The Committee shall carry out the duties set forth below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. The Committee’s principal responsibility is one of oversight. The Company’s management is responsible for preparing the Company’s financial statements and ensuring their accuracy and completeness, and the Company’s external auditor is responsible for auditing and/or reviewing those financial statements. In carrying out these oversight responsibilities, the Committee is not required to provide any expert or special assurance as to the Company’s financial statements or any professional certification as to the external auditor’s work.

## **1. Overall Duties and Responsibilities**

The overall duties and responsibilities of the Committee shall be to:

- (a) assist the Board in the discharge of its responsibilities relating to the quality, acceptability and integrity of the Company’s accounting policies and principles, reporting practices and internal controls;
- (b) assist the Board in the discharge of its responsibilities relating to compliance with disclosure requirements under applicable Securities Laws, including approval of the Company’s annual and quarterly consolidated financial statements together with the Management’s Discussion and Analysis;
- (c) oversee the work of and to establish and maintain a direct line of communication with the Company’s external auditor and internal auditor (if any) and assess their performance;
- (d) ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal controls; and
- (e) report regularly to the Board on the fulfillment of its duties and responsibilities.

## **2. Public Filings, Policies and Procedures**

The Committee is charged with the responsibility to:

- (a) review and approve for recommendation to the Board:
  - (i) the annual audited financial statements, with the report of the external auditor, Management’s Discussion and Analysis and the impact of unusual items and changes in accounting policies and estimates;
  - (ii) the interim unaudited financial statements, Management’s Discussion and Analysis and the impact of unusual items and changes in accounting policies and estimates;
  - (iii) financial information in earnings press releases;
  - (iv) the annual information form;
  - (v) prospectuses; and
  - (vi) financial information in other public reports and public filings, including but not limited to the *Extractive Sector Transparency Measures Act* annual report and the Company’s annual Sustainability Report, if applicable, requiring approval by the Board;

- (b) ensure adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the Company's disclosure controls and procedures, and management's evaluation thereof, to ensure that financial information is recorded, processed, summarized and reported within the time periods required by law;
- (c) review disclosures made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process for any statutory documents about any significant deficiencies in the design or operation of internal controls or material weakness therein and any fraud involving management or other employees who have a significant role in internal controls; and
- (d) review with management and the external auditor:
  - (i) significant variances in actual financial results for the applicable period from budgeted or projected results;
  - (ii) any actual or proposed changes in accounting or financial reporting practices;
  - (iii) any significant or unusual events or transactions and the methods used to account for significant or unusual transactions where different approaches are possible;
  - (iv) any actual or potential breaches of debt covenants;
  - (v) the consistency of, and any changes to, accounting policies both on a year to year basis and across the Company;
  - (vi) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments;
  - (vii) the presentation and impact of significant risks and uncertainties;
  - (viii) the accuracy, completeness and clarity of disclosure in the Company's financial reports and the context in which statements are made;
  - (ix) any tax assessments, changes in tax legislation or any other tax matters that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (x) any litigation, claim or other contingency that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (xi) all material information presented in the Management's Discussion and Analysis;
  - (xii) material communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;
  - (xiii) any fraud, illegal acts, deficiencies in internal controls or other similar issues;
  - (xiv) general accounting trends and issues of auditing policy, standards and practices which affect or may affect the Company; and

- (xv) any correspondence with securities regulators or other regulatory or government agencies which raise material issues regarding the Company's financial reporting or accounting policies.

### **3. Internal Controls, Risk Management and Compliance**

The duties and responsibilities of the Committee as they relate to the Company's internal controls, risk management and compliance are to:

- (a) evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal controls and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities;
- (b) review the adequacy, appropriateness and effectiveness of the Company's policies and business practices which impact on the integrity, financial and otherwise, of the Company, including those relating to hedging, insurance, accounting, cybersecurity, information services and systems, financial controls, management reporting and risk management;
- (c) receive an annual report from management on tax issues and planning, including compliance with the Company's source deduction obligations and other remittances under applicable tax or other legislation;
- (d) receive a report on the annual policy attestation process for, and review exceptions, if any, under the Company's Code of Business Conduct and Ethics, Anti-Bribery, Anti-Corruption and Sanctions Compliance Policy, Corporate Disclosure and Insider Trading Policy, Whistleblower Policy, Safety & Health Policy, Environmental & Community Policy and Human Rights Policy;
- (e) review compliance with, issues arising from and consider any changes required or recommended to the Company's Whistleblower Policy, Information Technology Acceptable Use Policy and Information Technology Security Compliance Policy;
- (f) review any issues between management and the external auditor that could affect the financial reporting or internal controls of the Company;
- (g) periodically review the Company's accounting and auditing policies, practices and procedures and the extent to which recommendations made by the external auditor have been implemented;
- (h) review annually the adequacy and quality of the Company's financial and accounting staffing, including the need for and scope of internal audit reviews (if any);
- (i) review annually with the external auditor any significant matters regarding the Company's internal controls and procedures over financial reporting, including any significant deficiencies or material weaknesses in their design or operation, that have come to their attention during the conduct of their annual audit, and review whether internal control recommendations made by the external auditor have been implemented by management;
- (j) receive report from management on the identification, assessment and management of new material financial risks in the Company's risk register and report to the Board in respect thereof;
- (k) review and recommend for approval by the Board the appointment of the Chief Financial Officer and review the appointment of any other key financial executives involved in the financial reporting process;

(l) establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters; and

(ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,

and review any such complaints and concerns received and the investigation and resolution thereof, including without limitation the review of all complaints and concerns of any nature under the Whistleblower Policy; and

(i) review and approve related party transactions.

#### **4. External Auditor**

The duties and responsibilities of the Committee as they relate to the external auditor shall be to:

(a) consider and make recommendations to the Board, to be put to shareholders for approval at the annual meeting of shareholders, in relation to the appointment, re-appointment or removal of the Company's external auditor;

(b) oversee the selection process for a new external auditor if required, and if an external auditor resigns the Committee shall investigate the issues leading to such resignation and decide whether any action is required;

(c) oversee the relationship with the external auditor, including without limitation to:

(i) recommend to the Board for approval the engagement of the external auditor for interim reviews and the remuneration for the audit and interim reviews and to assess whether fees for audit or non-audit services are appropriate to enable an adequate audit to be conducted;

(ii) review the terms of engagement for the external auditor and review any engagement letter issued at the start of each audit and the scope of the audit;

(iii) assess annually the independence and objectivity of the external auditor taking into account relevant professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services, which assessment shall include receipt of a report from the external auditor delineating all relationships between the external auditor and the Company;

(iv) assess annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on its own internal quality procedures;

(v) satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company (other than in the ordinary course of business);

(vi) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Company; and

- (vii) monitor the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
- (d) review with the external auditor, upon completion of the audit and interim reviews:
  - (i) contents of the report;
  - (ii) scope and quality of the audit work performed;
  - (iii) adequacy of the Company's financial and auditing personnel;
  - (iv) co-operation received from the Company's personnel during the audit;
  - (v) internal resources used;
  - (vi) significant transactions outside of the normal business of the Company;
  - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles and management systems;
  - (viii) the quality, acceptability and integrity of the Company's accounting policies and principles;
  - (ix) the non-audit services provided by the external auditor;
  - (x) the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements;
  - (xi) the management letter and management's response to the external auditor's findings and recommendations;and report to the Board in respect of the foregoing and on such other matters as they consider necessary;
- (e) implement structures and procedures to ensure that the Committee meets with the external auditor on a regular basis in the absence of management in order to review any difficulties encountered in carrying out the audit and to resolve disagreements between the external auditor and management; and
- (f) pre-approve the retention of the external auditor for any non-audit services and the fee for such services.

The Committee may satisfy the pre-approval requirement in subsection (f) if:

- (i) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent of the total amount of revenues paid by the Company to its external auditor during the fiscal year in which the services are provided;
- (ii) the services were not recognized by the Company at the time of the engagement to be non-audit services; and
- (iii) the services are promptly brought to the attention of the Committee and are approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members the authority to pre-approve non-audit services provided that the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

For greater certainty, the external auditor shall report directly and be responsible to the Audit Committee.

5. **Internal Audit Function (if applicable) / Internal Controls**

The duties and responsibilities of the Committee as they relate to the internal audit function (if applicable) / controls shall be to:

- (a) review and approve the annual internal audit plan or N.I. 52-109 internal control testing report prepared by external consultant;
- (b) review the significant findings prepared by the internal auditor / external 52-109 internal control testing consultant and recommendations issued by any external party relating to internal audit issues, together with management's response thereto;
- (c) review the adequacy of the resources of the internal audit function (if applicable) and not just external consultant used to test controls, to ensure the objectivity and independence of the internal audit function;
- (d) consult with management on management's appointment, replacement, reassignment or dismissal of any personnel engaged in the internal audit function (if applicable);
- (e) ensure that the individual responsible for the internal audit function (if applicable) has access to the Chair of the Committee, the Chair of the Board, the Chief Executive Officer and the Chief Financial Officer, and periodically meet separately with such individual to review any problems or difficulties he or she may have encountered and specifically:
  - (i) any difficulties that were encountered in the course of the internal audit work, including restrictions on the scope of activities or access to required information and any disagreements with management;
  - (ii) any changes required in the planned scope of the internal audit;
  - (iii) the internal audit function's responsibilities, budget and staffing; and
- (f) report to the Board on each of the foregoing matters.