



**Management Discussion and Analysis**  
**For the three months ended March 31, 2021**  
(all amounts in U.S. dollars unless otherwise noted)

**Date: May 13, 2021**

This Management Discussion and Analysis (“MD&A”) relates to the financial condition and results of operations of Euro Sun Mining Inc. (“Euro Sun” or the “Company”) as at and for the three months ended March 31, 2021. This MD&A should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements and related notes as at and for the three months ended March 31, 2021, and its audited consolidated financial statements and related notes as at and for the year ended December 31, 2020. The unaudited condensed consolidated interim financial statements and related notes of Euro Sun have been prepared in accordance with IAS 34, Interim Financial Reporting. Unless otherwise noted, all references to currency in this MD&A are in U.S. dollars.

Certain information contained in the MD&A is forward-looking which involves risks and uncertainties. The forward-looking information is not based on historical fact, but is rather based on the current plans, objectives, goals, strategies, estimates, assumptions and projections about the Company’s industry, business and future financial results. Actual results could differ materially from the results contemplated by this forward-looking information due to a number of factors, including those set forth in this MD&A and under the “Cautionary Statement Regarding Forward Looking Information” and “Risk Factors” sections.

The MD&A was prepared in accordance with the requirements set out in National Instrument 51-102 — *Continuous Disclosure Obligations* of the Canadian Securities Administrators.

Mr. Sivanesan Subramani, B.Sc. (Hons) Geology and Economic Geology, Pri.Sci.Nat. (400184/06), of Caracle Creek International Consulting MinRes (CCIC MinRes) (South Africa), an independent Qualified Person (as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”)) has reviewed and approved the scientific and technical information in this MD&A under the sections “Company Overview”, “Rovina Valley Project – History and Latest Developments”, “Rovina Valley Project Definitive Feasibility Study”, “Rovina Valley Project Preliminary Economic Assessment”, “2021 DFS Highlights”, “Highlights” and “Outlook”.

Management is responsible for the information disclosed in this MD&A and the accompanying financial statements and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. The audit committee of the board of directors of the Company has reviewed this MD&A and the consolidated financial statements as at and for the three months ended March 31, 2021, and Euro Sun’s board of directors approved these documents prior to their release.

## **Company Overview**

The Company is principally a mineral exploration and development company. Through its subsidiaries, the Company is currently focused on advancing its exploration and development plans on its 100%-owned Rovina Valley gold and copper project (the “Rovina Valley Project” or “RVP”) located in west-central Romania. The Rovina Valley Project consists of three copper-gold porphyry systems referred to as Rovina, Colnic and Ciresata on which the Company has carried out extensive exploration programs. RVP is the second largest gold deposit in Europe containing measured and indicated mineral resources of 7.0 million ounces of gold grading 0.55 g/t and 1.4 billion pounds of copper grading 0.16%.

## **Rovina Valley Project – History and Latest Developments**

The Company holds the Rovina Valley Project through a mining license which covers a total of 27.68 square kilometres (the “Rovina Licence”). The Rovina License was officially ratified by the Romanian Government during Q4 2018. This license secures the mineral tenure and allows the Company to begin the permitting process. The Rovina Valley Project is the Company’s sole exploration-development project in Eastern Europe and the main focus of its exploration efforts there since 2005 when it was awarded the Rovina exploration license through a public tender and bid process. Subsequent exploration by the Company defined three copper-gold porphyry systems or deposits: Rovina (the “Rovina Deposit”), Colnic (the “Colnic Deposit”) and Ciresata (the “Ciresata Deposit”). The Colnic Deposit is located approximately 2.5 km south of the Rovina Deposit and the Ciresata Deposit is approximately 4 km south of the Colnic Deposit.

The area covered by the Rovina License lies within the historic ‘Golden Quadrilateral’ mining district and has good road access, as well as proximity to nearby high-tension electric power and water supplies. The topography of the area is hilly with forest vegetation and interspersed grasslands with elevations of 300 to 700 metres above sea-level.

Drilling activities on the Rovina Valley Project stopped on July 5, 2012 due to the impending expiry of the exploration license on August 29, 2012 and closure of the work program for the submittal of final documentation for the conversion to a mining license. In August 2012, the final exploration report was submitted to the Romanian National Agency for Mineral Resources (“NAMR”) and accepted. Romanian mining law states that the holder of an exploration license has the exclusive right to apply for a mining license at any time or within 90 days after the expiration date of the exploration license. The Company, through its wholly owned subsidiary, SAMAX Romania SRL (“SAMAX”) notified NAMR of its intention to exercise its exclusive statutory right to apply for a mining license.

On May 27, 2015, NAMR approved a 20-year mining license for the Rovina Valley Project which represents the first and most important step in the licensing process. During the conversion process from an exploration license to a mining license, no disruptive physical field work (i.e., drilling, land clearing, etc.) can be carried out on the property until after the mining license has been approved.

Under Romanian law, a mining licence may come into effect upon final review by several government departments and its publication in the official gazette. The Rovina Mining License was approved by the Romanian government in November 2018. Following the conversion to a mining license, approval to begin construction and mining operations will require a building authorization permit that will include land re-zoning and final environmental reviews and government approval resulting from a full Environmental Impact Assessment (“EIA”) study. Public consultation is a legal and integral part of the government environmental approval process. Surface rights are severed from mineral rights, and prior to receiving the final construction permit surface rights need to be acquired.

Through its wholly owned operating subsidiary, SAMAX, the Company 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 NGO’s and community leaders to implement community-based projects. The Company’s good relations with the community have allowed unhindered surface access for drilling in the Rovina Valley Project area which requires permission from landowners. In addition, the Company continues with its long lead time work activities for both the EIA and the strategic environmental assessment (the “SEA”) documentation that will be required for the permitting of the project.

In the fourth quarter 2018, the Company engaged AGP Mining Consultants Inc. and Lycopodium Engineering Inc. to complete an independent resource estimate update and to complete a Preliminary Economic Assessment (“PEA”) to disclosure standards defined in NI 43-101. The Company announced the results of the resource estimate update and PEA on February 20, 2019, and the supporting NI 43-101 Technical report is filed on SEDAR in accordance Standards of Disclosure for Mineral Projects.

In May 2020, the company announced that it had selected NEW SENET (Pty) Ltd. to lead a consortium of specialized independent consultants to deliver a definitive feasibility study (DFS) for the Rovina Valley Project in Romania to disclosure standards defined in NI 43-101. This DFS is to include a detailed resource review and update for the Colnic and Rovina deposits, which were the subject of the study.

On March 1, 2021 the company announced the results of the DFS including a resource update for the Colnic and Rovina deposits. The supporting Technical Report is filed in SEDAR in accordance with Standards for Disclosure for Mineral deposits. A summary of the Resource Estimate Update and DFS are provided below.

### **Rovina Valley Project Resource Estimate Update**

On March 1, 2021, Euro Sun announced its updated NI 43-101 mineral resource estimate ("2021 Resource Estimate") as prepared by independent consultants Caracle Creek International Consulting MinRes (CCIC MinRes) (South Africa), on its 100% owned Rovina Mining License in west-central Romania. The 2021 Resource Estimate includes the Colnic and Rovina. The Ciresata 2019 Resource Estimate prepared by AGP remains unchanged. These three gold-rich copper porphyry deposits are collectively referred to as the Rovina Valley Project. All three deposits are in close proximity and mill feed will be treated at a central facility. Colnic and Rovina are amenable to open-pit mining and Ciresata to bulk underground mining.

The 2021 Resource Estimate for Colnic and Rovina is an update to the 2019 Resource Estimate (completed by AGP) to primarily reflect the information used in the development of the Definitive Feasibility study. This includes updates to operating costs and metal prices used in the resource constraining Lerchs-Grossmann pit shells .. The geologic model and interpolated block model from the 2012 Resource Estimate are not changed in this current estimate (see the 2019 Resource Estimate 43-101 Technical Report filed on SEDAR on April 1, 2019). Mineral resources were estimated in conformance with the 2019 CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101 and are considered to have reasonable prospects for economic extraction.

In March 2020, ESM commissioned NEW SENET Pty. Ltd. to complete a DFS on the open-pit Rovina and Colnic deposits. As part of this study, CCIC MinRes completed a detailed technical audit of the resource models, including an assessment on the possible impact of the ESM-Barrick exploration collaboration drilling on the mineral resource estimates. CCIC MinRes also recommended that ESM not update the 2012 geological and mineral resource block models until more holes are added to the resource database. The outcome of the technical audit confirmed the robustness of the AGP mineral resource models for the Rovina and Colnic deposits.

The March 2021 mineral resource estimate for the Rovina and Colnic deposits is, therefore, updated to reflect current metal prices and updated operating parameters derived during the DFS and to make it 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 NI 43-101, Standards of Disclosure for Mineral Projects. Mr Sivanesan Subramani, BSc Hons (Geology), Pri.Sci.Nat. (400184/06), is the QP for this mineral resource estimate. The mineral resources are constrained to a Lerchs-Grossmann pit shell using different metal equivalent cut-off grades for the Rovina and Colnic deposits. The geological model and mineral resource block models remain unchanged in this current estimate. The mineral resource estimate for Ciresata remains unchanged from February 2019.

Table 1 summarises the mineral resource estimates for the Rovina and Colnic deposits, stated above a 0.25 % Cu equivalent grade cut-off for the Rovina deposit, and above a 0.35 g/t Au equivalent grade cut-off for the Colnic deposit. The total Measured mineral resources for the Rovina and Colnic deposits amount to 62.2 Mt grading at 0.49 g/t Au and 0.21 % Cu, containing 0.99 Moz Au and 287 Mlb Cu; with the Au equivalent grading of 0.79 g/t. The total Indicated mineral resources for the Rovina and Colnic deposits amount to an additional 175.6 Mt grading at 0.39 g/t Au and 0.15 % Cu, containing 2.19 Moz Au and 589 Mlb Cu, with the Au equivalent grading of 0.60 g/t.

**Table 1: 2021 Mineral Resource Estimate – Rovina and Colnic Deposits**

Deposit	Resource Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (Moz)	Cu (Mlb)	AuEq* (g/t)	AuEq* (Moz)
Colnic	Measured	29.1	0.65	0.12	0.61	74	0.81	0.76
	Indicated	97.5	0.49	0.10	1.53	210	0.62	1.96
	Inferred	1.6	0.41	0.09	0.02	3	0.49	0.03
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	1.44
	Inferred	16.0	0.18	0.19	0.09	66	0.44	0.23
Total	Measured	62.2	0.49	0.21	0.99	287	0.79	1.58
	Indicated	175.6	0.39	0.15	2.19	589	0.60	3.40
	Inferred	17.6	0.20	0.18	0.11	69	0.45	0.26
Grand Total	Measured and Indicated	237.7	0.42	0.17	3.18	875	0.65	4.97

**NOTES:**

1. Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
2. Mineral Resources are contained within conceptual pit shells that are generated using the same economic and technical parameters used for Mineral Reserves but at a gold price of US\$1,700/oz and a copper price of US\$3.50/lb.
3. The 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.
4. Minor summation differences may occur as a result of rounding.

\* The Au and Cu equivalents were 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.

The Ciresata underground mineral resource estimate remains unchanged from the 20 February 2019 estimate by AGP. Table 2 summarises the mineral resource estimate for Ciresata, stated at above a 0.65 g/t Au equivalent grade cut-off. The Measured mineral resources amount to 28.5 Mt grading at 0.88 g/t Au and 0.16 % Cu, containing 0.81 Moz Au and 102 Mlb Cu, with the Au equivalent grading of 1.13 g/t. The Indicated mineral resources amount to an additional 125.9 Mt grading at 0.74 g/t Au and 0.15 % Cu, containing 3.01 Moz Au and 413 Mlb Cu, with the Au equivalent grading of 0.97 g/t.

**Table 2: 2019 Mineral Resource Estimate – Ciresata Deposit**

Deposit	Resource Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (Moz)	Cu (Mlb)	AuEq* (g/t)	AuEq* (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
	Inferred	8.6	0.70	0.14	0.19	26	0.94	0.25
<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:								
1. The Ciresata deposit is amenable to bulk underground mining and resources are tabulated at a base case 0.65 g/t AuEq.								
2. No Mineral Reserves have been defined at the Ciresata deposit. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.								
3. Minor summation differences may occur as a result of rounding.								
* The Au and Cu equivalents were determined by using a long-term gold price of US\$1,500/oz and a copper price of US\$3.50/lb.								
Source: From Table 14-20, AGP PEA NI 43-101 2019 Report (available on SEDAR)								

It must be noted that the quantity and grade of Inferred resource reported above are conceptual in nature and are estimated based on limited geological evidence and sampling. Geological evidence is sufficient to imply, but not verify, geological and grade or quality continuity. For these reasons, an Inferred mineral resource has a lower level of confidence than an Indicated mineral resource, and it is reasonably expected that the majority of Inferred mineral resources could be upgraded to an Indicated mineral resource with continued exploration. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Rounding of tonnes as required by reporting guidelines may result in apparent differences between tonnes, grade, and contained metal content.

Changes in the current metal prices and updated operating parameters from the 2012 mineral resource estimate resulted in a shrinkage of the Lerchs-Grossmann mineral resource constraining shell and, therefore, a reduction in the overall mineral resource estimates for the Rovina and Colnic deposits. The total Measured mineral resource tonnage increased by 1.4 %, with the Au and Cu grades remaining the same. The total Indicated mineral resource tonnage decreased by 2.8 %, from 180.7 Mt to 175.6 Mt, with the Au and Cu grades remaining the same. The total Inferred mineral resource tonnage decreased by 10.4 %, from 19.6 Mt to 17.6 Mt, with the Au and Cu grades remaining the same.

### **Rovina Valley Project Definitive Feasibility Study**

During the development of the DFS, the decision was taken to include the Rovina deposit in the production schedule immediately following the completion of processing of the Colnic deposit ore. Due to the proximity of the Rovina open pit, processing of Rovina ore is possible in the initial processing facility located near Colnic with minimal additional infrastructure. This decision significantly improves the Life of Mine (LOM) and economic results for the project.

## 2021 DFS 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>	

The DFS was prepared by NEW SENET Pty. Ltd. and Caracle Creek International Consulting MinRes (CCIC MinRes) (South Africa). The DFS was filed on SEDAR (on April 14, 2021, in accordance with *National Instrument 43-101: Standards of Disclosure for Mineral Projects* (“NI 43-101”).

The DFS has defined maiden reserves for the Rovina Valley Project for the Colnic and Rovina deposits shown in Table 3. The Ciresata deposit, which is amenable to bulk underground mining, was not considered in the current DFS, but will be evaluated in future studies.

**Table 3. 2021 Rovina Vally Project Reserves.**

<b>Deposit</b>	<b>Classification</b>	<b>Tonnage (Mt)</b>	<b>Au (g/t)</b>	<b>Cu (%)</b>	<b>Au (koz)</b>	<b>Cu (t)</b>
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

**Notes:**

- *All tonnes quoted are dry tonnes. Differences in the addition of deposit tonnes to the total displayed is due to rounding.*
- *The estimate of Rovina Valley Gold Project Mineral Reserves are not at this stage materially affected by any known environmental, permitting, legal, title, taxation, socioeconomic, marketing, political, or other relevant issue. Furthermore, the estimate of Project Reserves is not materially affected by any known mining, metallurgical, infrastructure, or other relevant factor.*
- *Mineral Reserve estimates follow the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions 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.*

Further information on the Rovina Valley Project, including the 2021 Definitive Feasibility Technical Report, can be found on the Company's web site at [www.eurosunmining.com](http://www.eurosunmining.com).

All exploration or development field activities undertaken by the Company in Romania must occur on valid mining license, 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 the regulations and standard practices in Romania, the Company must submit reports of work completed and follow-up work programs on an annual basis to NAMR.

Prior to initiation of any exploration activity, environmental approval of a proposed exploration program must be obtained from various land management agencies having local, county and/or regional jurisdiction. These local agencies are responsible for forestry, surface waters, archaeology and history, and are coordinated through the local environmental agency. The levels of environmental studies and approvals are determined by the local environmental agency following an approval template referred to as the 'urbanization certificate'. In practice, exploration activities, including drilling, are classified as low impact, and as such do not require comprehensive environmental impact studies.

Environmental permits for exploration are granted for one to two-year periods, and all local agencies have the right to monitor and inspect environmental impacts to evaluate compliance with issued permits even though such monitoring tends to be minimal in scope and nature. Any changes to the exploration activity that result in a greater environmental impact require approval.

Since SAMAX is an exploration and evaluation stage company, the activities it conducts on its projects are largely restricted to drilling and ancillary activities associated with the drilling programs, such as access road and drill pad construction. As such, the reclamation costs in respect of drilling activities are not material to the Company and are factored into the Company's budgets for exploration programs. When the Company wishes to enter the production stage, it will need to prepare a feasibility study as well as extensive environmental impact assessments studies. These environmental impact assessments will provide the Company with a better idea of the future costs of compliance with applicable environmental requirements and will also provide a better estimate of the eventual costs of reclamation obligations at the end of the mine life. The company having completed a DFS in Q1 2021, is currently advancing Environmental Assessment studies for land re-zoning and environmental permitting (see *Outlook* below).

## **Highlights**

### ***Definitive Feasibility Study***

In May 2020, the Company announced that it had selected New SENET (Pty) Ltd. to deliver a definitive feasibility study for the Rovina Valley Project in Romania with significant work continuing through the fourth quarter. The results of the definitive feasibility study were announced in March 2021, showing average annual gold equivalent production of 146,000 ounces in years 1-10, consisting of 106,000 ounces of gold and 19 million pounds of copper per annum, average AISC of \$790/gold equivalent ounces in years 1-10, with an initial capex of \$399 million. The final NI 43-101 compliant technical report supporting the Definitive Feasibility Study was filed in April 2021.

### ***Governance Changes***

In January 2021, the Company announced the appointment of Peter Vukanovich as non-executive chairman of the Company.

### ***Environmental Assessment***

In April 2021, the Company announced it has filed a request to initiate the Strategic Environmental Assessment (the "SEA") for the Rovina Valley Project with the Environmental Protection Agency in Hunedoara County, Romania. The SEA process will build on the Environmental Impact Assessment approved under the Exploitation License issued by the Romanian Government in 2018 as the Company works through this next phase of the permit process.

## **Outlook**

The Company's primary focus is to undertake the Strategic Environmental Assessment which is an integral part of the Plan Urbanistic Zonal (PUZ). This work is currently underway.

After completing this critical step in the permitting process, PUZ, the Company will be in a position to begin land acquisition whilst completing the EIA and the Environmental and Social Impact Assessment ("ESIA").

The final step after completing the EIA is applying for the Construction Permit. Meanwhile, the Project team will begin basic and detailed engineering work, bridge engineering and front-end engineering design during H2 2021.

Fundraising will continue to support on-going operating and engineering support activities.

## Selected Annual Information

	2020	2019	2018
Net loss for the year from continuing operations	\$(11,938,621)	\$ (8,109,130)	\$ (7,215,770)
Net loss for the year from discontinued operations	(994,274)	(3,104,552)	-
Basic and diluted loss per share from continuing operations	(0.08)	(0.11)	(0.12)
Basic and diluted income per share from discontinued operations	(0.01)	(0.04)	-
Total assets	\$ 10,231,275	\$ 2,913,193	\$ 2,372,663
Number of weighted average shares	144,082,453	77,192,721	58,240,301

## Selected Quarterly Financial Information

The following tables set out selected financial information for the last eight quarters:

For the quarters ended	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Net loss from continuing operations	\$ (2,748,957)	\$ (3,943,354)	\$ (3,503,173)	\$ (3,564,979)
Net loss from discontinued operations	-	-	(574,291)	(130,800)
Basic and diluted loss per share from continuing operations	(0.02)	(0.02)	(0.02)	(0.03)
Basic and diluted loss per share from discontinued operations	-	-	-	-

  

For the quarters ended	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Net loss from continuing operations	\$ (927,115)	\$ (1,805,033)	\$ (1,004,956)	\$ (3,467,456)
Net loss from discontinued operations	(289,183)	(3,021,161)	(18,301)	(35,529)
Basic and diluted loss per share from continuing operations	(0.01)	(0.02)	(0.01)	(0.05)
Basic and diluted loss per share from discontinued operations	-	(0.04)	-	-

## Results of operations for the three months ended March 31, 2021

### *Selected financial information*

	<b>Three months ended March 31, 2021</b>	Three months ended March 31, 2020
Loss from continuing operations	\$ (2,748,957)	\$ (927,115)
Loss from discontinued operations	-	289,183
Loss per share from continuing operations	(0.02)	(0.01)
Loss per share from discontinued operations	-	-
Expenses:		
Consulting and management fees	\$ 364,174	\$ 294,146
Professional fees	29,124	27,461
General office expenses	23,632	51,613
Travel expenses	9,293	28,818
Shareholder communications and filing fees	283,499	81,611
Share-based compensation	(8,556)	(243,944)
Change in fair value of investments	206,011	-
Other expenses	10,842	(299,460)
	<b>\$ 918,019</b>	<b>\$ (59,755)</b>
Exploration and evaluation expenditures:		
Consulting and technical	\$ 372,601	\$ 552,682
Feasibility study	773,555	-
Surface rights	83,960	9,938
Environmental studies	232,430	42,160
Other exploration costs	120,071	7,376
Metallurgical testing	31,884	-
Field office support and administration	101,669	82,848
Professional fees	20,058	32,950
Travel	33,171	31,027
Licence fees	61,539	227,889
	<b>\$ 1,830,938</b>	<b>\$ 986,870</b>

### ***Results of operations for the three months ended March 31, 2021 (“Q1 2021”)***

The net loss from continuing operations for Q1 2021 was \$2,748,957 compared to a net loss of \$927,115 for Q1 2020. The associated loss per share was \$0.02 in Q1 2021 and \$0.01 Q1 2020.

Consulting costs incurred during Q1 2021 were \$364,174 compared to \$294,146 in the comparative period. This increase was primarily due to new directors fees, combined with new communications consultants in 2021, partially offset by the reduction of the number of consultants compared to 2020.

General office expenses incurred during Q1 2021 were \$23,632 compared to \$51,613 in Q1 2020. The decrease was primarily due to terminating the Company’s shared services contract in Q3 2020.

Shareholders communications and filing fees were \$283,499 for the three months ended March 31, 2021, compared to \$81,611, in Q1 2020. This increase is primarily due to new marketing costs incurred in Q1 2021 that did not occur in 2020.

Travel costs were \$9,293 for Q1 2021 compared to \$28,818 in Q1 2020. This decrease is primarily due to travel restrictions in place due to COVID-19.

Change in fair value of investments has resulted in a loss in Q1 2021 of \$206,011. This expense represents the change in market value of the Company’s holdings of Bluelake Mineral shares which were acquired in Q3 2020.

The Company has increased its exploration and evaluation expenditure in Q1 2021 to \$1,830,938 from \$986,870 in the comparative period. This change is primarily due to increased environmental studies, surface rights, and feasibility study costs, partially offset by a reduction in consulting costs in 2021.

### ***Liquidity and Capital Resources***

The recovery of resource property related expenditures is dependent on the ability of the Company to obtain necessary financing to complete the development of its Rovina Valley Project or other potential projects and attain future profitable production. The Company’s financial success will depend on its ability to raise financing to construct potential projects. At present, the Company has no established sources of income, and the success of its exploration and development programs will be contingent upon the Company’s ability to raise sufficient equity financing on terms favourable to the Company. The Company does not expect to generate any internal cash flows to help finance the development costs of the Rovina Valley Project.

As at March 31, 2021, the Company had cash and cash equivalents of \$5,084,058 (December 31, 2020 - \$7,825,681) and working capital of \$4,209,564 (December 31, 2020 –\$6,492,422). The Company’s cash flow needs are for funding the continuing operations of the exploration work in Romania, working capital requirements and corporate administration.

On June 5, 2020, the Company closed a bought deal prospectus offering of 57,235,384 units at a price of \$0.39 per unit for gross proceeds of \$16,623,044 (CAD\$22,321,780). Each unit was comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of CAD\$0.55 for a period of three years from the grant date. The Company granted 4,006,477 broker warrants to the underwriters of the offering. The broker warrants have an exercise price of CAD\$0.39 and are exercisable for a period of two years from the grant date. The Company paid cash commissions and other expenses of \$1,456,770 (CAD\$1,958,208) in relation to this offering.

### ***Operating Segments***

The Company has concluded that it has only one material operating segment, the development of its Romanian mining permit, for financial reporting purposes.

## Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements, with the exception of operating leases noted below.

## Financial Commitments, Contingencies and Litigation

### Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$3.3 million upon the occurrence of a change of control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$2.2 million pursuant to the terms of these contracts.

### Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

## Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and also comprise the directors of the Company.

Key management personnel compensation:

	<b>Three months ended March 31, 2021</b>	Three months ended March 31, 2020
Directors and officers compensation	<b>\$ 226,698</b>	\$ 344,115
Share-based payments	<b>14,242</b>	259,259
	<b>\$ 240,940</b>	\$ 603,374

As at March 31, 2021, the Company had \$8,669 (December 31, 2020 - \$77,417) in accounts payable owing to various officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand.

## Significant Accounting Policies

The condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2020. No new accounting policies were adopted as of January 1, 2021.

## **Risk Factors**

Investing in the Company involves risks that should be carefully considered. The business and operations of the Company as well as those of its subsidiaries are speculative due to their nature, the locations in which they operate, and their relative stages of development. Investors should be aware that there are various risks, that could have a material adverse effect on, among other things, title to the projects, permitting, the operating results, earnings, business and condition (financial or otherwise) of the Company. For a listing of risk factors, investors should refer to the Company's Annual Information Form in respect of the year ended December 31, 2020 filed on SEDAR.

## **Additional Information and Continuous Disclosure**

Additional information, including the Company's press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

## **Outstanding Share Data**

As at the date of this MD&A, the Company has:

- a) 171,250,514 common shares outstanding.
- b) 46,378,766 warrants outstanding with expiry dates ranging from July 4, 2021 to June 5, 2023 with exercise prices between CAD\$0.39 and CAD\$0.55. If all the warrants were exercised, 46,378,766 shares would be issued for proceeds of CAD\$23,371,609.
- c) 11,127,425 stock options outstanding with expiry dates ranging from June 13, 2021 to June 30, 2025 with exercise prices from CAD\$0.28 to CAD\$1.36. If exercised, 11,127,425 shares would be issued for proceeds of CAD\$6,458,398.
- d) 5,441,259 deferred share units with no fixed expiry.

## **Cautionary and non-GAAP Measures and Additional GAAP Measures**

Note that for purposes of this section, GAAP refers to IFRS. The Company believes that investors use certain non-GAAP and additional GAAP measures as indicators to assess gold mining companies. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared with GAAP. Non-GAAP and additional GAAP measures do not have standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other companies.

## **Cautionary Statement Regarding Forward-Looking Information**

Except for statements of historical fact relating to Euro Sun certain information contained herein constitutes forward-looking information within the meaning of applicable Canadian securities legislation which may include, but is not limited to, information with respect to the Company's expected production from, and further potential of, the Company's properties; the Company'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 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 statements/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 statements/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 resource estimates and the realization of such estimates 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. 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. 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.