



Management Discussion and Analysis
For the three and nine months ended September 30, 2018
(all amounts in U.S. dollars unless otherwise noted)

Date: November 12, 2018

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 and nine months ended September 30, 2018. 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 and nine months ended September 30, 2018 and its audited consolidated financial statements as at and for the year ended December 31, 2017. 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.

Joe Milbourne, is a Qualified Person as defined under National Instrument 43-101- *Standards of Disclosure for Mineral Projects* (“NI 43-101”) guidelines and has reviewed the scientific and technical information except for the geology and resource section contained in this MD&A. The current NI 43-101 compliant geologic mineral resources presented in this MD&A were completed by the independent geology-engineering firm, APG Consultants (August 30th, 2012), and are represented here by Randall Ruff, a Qualified Person as defined by NI 43-101.

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 unaudited condensed consolidated interim financial statements as at and for the nine months ended September 30, 2018, 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 holding measured and indicated mineral resources of 7.2 million ounces of gold and 1.4 billion pounds of copper.

Rovina Valley Project – History and Latest Developments

The Company holds the Rovina Valley Project through a mining licence which covers a total of 27.68 square kilometres (the “Rovina Licence”) that is currently being ratified through a formal government process. This licence secures the mineral tenure and allows the Company to begin the permitting process. The Rovina Valley Project is the Company’s sole exploration project in Eastern Europe and the main focus of its exploration efforts there since 2005. The property hosts 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 Licence has good road access, as well as proximity to nearby electric power and water supplies. The topography of the area is hilly with forest vegetation and an elevation of approximately 900 metres above sea-level.

A preliminary economic assessment for the Rovina Valley Project was completed in March 2010 (the “PEA”). In July 2011, a consortium of leading engineering groups and specialists, led by AGP Consultants Inc. (“AGP”) was selected to complete a pre-feasibility study for the project that included all three mineral deposits (Rovina, Colnic and Ciresata). The pre-feasibility study was put on hold in 2013, given the decline in commodity prices and the negative equity markets sentiment towards large capital projects. The Company initiated a feasibility study and metallurgical testing contract in September 2017 for a smaller scale operation than was envisioned in the PEA completed in March 2010. The feasibility study activity has been focused on metallurgical testing to confirm flotation gold and copper recovery characteristics. Additional testing is planned to further test the flotation tailings and concentrate as to their filtration and sedimentation characteristics. Ausenco SRK is providing guidance on field programs for developing additional geotechnical and hydrological design criteria for the feasibility study.

There has been no previous commercial mining activity at the Rovina Valley Project and the proposed mine site footprint, as defined by its 2010 PEA, does not include any known protected heritage sites or archaeological occurrences and has been specifically designed to minimize the impact on nearby communities.

On July 17, 2012, the Company announced an updated NI 43-101 resource estimate (“2012 Resource Estimate”). This updated resource incorporated a total of 120,256 m of drilling database results from 241 drill holes. The 2012 Resource Estimate was completed by AGP, an independent engineering company. The 2012 Resource Estimate increased the previous measured plus indicated gold resource category by 134% to 7.19 million ounces and increased the measured plus indicated copper resource by 87% to 1,420 million pounds of copper. In addition, the measured plus indicated gold resource grade increased by 12.2% from the previous resource and the tonnage by 110%.

The 2012 resource update is shown below:

Resource	Tonnage	Au	Cu	Gold	Copper	Au eq*
Category	(MM t)	(g/t)	(%)	(MM oz)	(MM lbs)	(MM oz)
Measured						
Rovina (open-pit)	31.8	0.36	0.30	0.37	209.0	0.91
Colnic (open-pit)	29.4	0.64	0.12	0.61	75.0	0.80
Ciresata (underground)	29.7	0.86	0.16	0.82	105.0	1.09
Total Measured	90.9	0.62	0.19	1.80	389.0	2.80
Indicated						
Rovina (open-pit)	73.5	0.27	0.23	0.64	370.0	1.59
Colnic (open-pit)	106.3	0.47	0.10	1.59	226.0	2.18
Ciresata (underground)	135.1	0.72	0.15	3.15	435.0	4.26
Total Indicated	314.9	0.53	0.15	5.38	1,031.0	8.03
Total Measured + Indicated	405.8	0.55	0.16	7.18	1,420.0	10.83
Comparison to 2008 Resource Estimate	+ 110%	+12.2%	-11.1%	+134%	+87%	+113%
Inferred						
Rovina (open-pit)	13.4	0.19	0.20	0.08	60.0	0.24
Colnic (open-pit)	3.8	0.32	0.10	0.04	8.0	0.06
Ciresata (underground)	9.6	0.67	0.14	0.21	29.0	0.28
Total Inferred	26.8	0.38	0.16	0.33	97.0	0.58
Comparison to 2008 Resource Estimate	-85%	-43.7%	-3.1%	-92%	-85%	-90%

- *Au eq. determined by using a gold price of \$1,370 per ounce and a copper price of \$3.52/lb. These prices are the 3-year trailing average as of July 10, 2012. Metallurgical recoveries are not taken into account for Au eq.
- Base case cut-off used in the table are 0.35 g/t Au eq. for the Colnic deposit and 0.25% Cu eq for the Rovina deposit, both of which are amenable to open pit mining and 0.65 g/t Au eq for the Ciresata deposit which is amenable to underground bulk mining.
- For the Rovina and Colnic porphyries, the resource is an in-pit resource derived from a Whittle shell model using gross metal values of \$1,350/oz Au price and \$3.00/lb Cu price, net of payable amounts after smelter charges and royalty for net values of \$1,313/oz Au and \$2.57/lb Cu for Rovina and US\$2.27/lb Cu for Colnic.
- Rounding of tonnes as required by reporting guidelines may result in apparent differences between tonnes, grade and contained metal content.

During 2012 and subsequent to the data closure date of the 2012 Resource Estimate update, the Company completed a total of 14,920 metres of drilling at the Rovina Valley Project, of which, 5,290 metres of drilling was for resource definition, 8,715 metres of exploration and satellite target drilling, predominantly at the Ciresata porphyry and 915 metres of geotechnical drilling.

Drilling activities on the Rovina Valley Project stopped on July 5, 2012 due to the impending expiry of the exploration licence on August 29, 2012 and closure of the work program for the submittal of final documentation for the conversion to a mining licence. 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 licence has the exclusive right to apply for a mining licence at any time or within 90 days after the expiration date of the exploration licence. 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 licence.

SAMAX subsequently and within the 90-day requirement, submitted the required mining licence application (the “MLA”) documentation including the mining study, the waste management plan, an environmental assessment, various impact studies and a closure plan. In March 2013, NAMR approved and registered the MLA resources/reserves in the National Registry. In October 2013, NAMR approved the mining waste management plan.

Initially, the MLA was to be based on a large 40,000 tonne per day operation. However, due to the decline in commodity prices and increases in capital cost items since the filing of the PEA in 2010, the Company initiated a review of the scope of the project as a smaller and less capital-intensive operation.

During the third quarter, 2014, the Company with a consortium of Romanian specialists completed a mining study for a 20,000 tonnes per day operation and associated environmental impact and risk studies which were submitted to NAMR in August 2014. In October 2014, NAMR approved the mining waste management plan as one of the key steps in the Mining Licence approval process. In addition, the Company continues to assess the scalability of a potential mining operation at the Rovina Valley Project with the goal to optimize return on investment.

On May 27, 2015, NAMR granted a 20-year mining licence for the Rovina Valley Project. The granting of the mining licence represents the first and most important step in the licensing process. Under Romanian law, the mining licence will come into effect upon final review by several government departments and its publication in the official gazette. The Company will now proceed with an update to the PEA of 2010 which will outline revised project costs and evaluate scalability options. The granting of the Rovina mining licence represents the first time that Romania has granted a mining licence for metals without the involvement of a state-owned enterprise.

Following the conversion to a mining licence, approval to begin construction and mining operations will require a building authorization permit that will include land zoning and final environmental reviews and government approval resulting from a full Environmental Impact Assessment (“EIA”) study. During the conversion process from an exploration licence to a mining licence, no disruptive physical field work (i.e., drilling, land clearing, etc.) can be carried out on the property until after the mining licence has been approved. In addition, there is uncertainty as to whether the draft amended mining law in Romania will be passed enabling construction of a mine in Romania.

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 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 SIA (“Social Impact Assessment”) documentation that will be required for the permitting of the project.

Further information on the Rovina Valley Project, including NI 43-101 reports can be found on the Company’s web site at www.eurosunmining.com.

All exploration activities undertaken by the Company in Romania must occur on valid exploration licences or prospecting permits issued by NAMR in Bucharest, which is responsible for the administration of all mining and exploration licences 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.

Third Quarter Highlights

Feasibility Study Activities

Metallurgical Testing at Eriez

Metallurgical testing of representative samples from the Colnic and Rovina deposits was completed during the quarter. Test work included evaluation of HydroFloat coarse particle technology and three pilot flotation testing campaigns using the Eriez column pilot plant in Erie, Pennsylvania. The campaigns were conducted on samples of both the K1 and K2K3 domains at Colnic as well as the Rovina domain. The results delivered an average gold recovery at the Colnic deposit of 81.5% and copper recoveries of 88.6%, while the average gold recovery of the Rovina deposit was 73.2% and copper recoveries average 94.7%.

Assistance with site geotechnical studies

SRK was awarded a contract to assist with the development of a field program. The work identified drill hole targets, test pit locations and seismic survey line locations to provide geotechnical and hydrogeological data for the proposed Colnic and Rovina open pits, plant site and waste storage facility to be used in the feasibility study.

Extension of Outstanding Warrants

On May 7, 2018, the Company applied to the TSX to extend the expiry date of 3,932,425 outstanding common share purchase warrants that were originally issued on May 10, 2016 with an expiry of May 19, 2018 to November 19, 2018. The extension request was subsequently approved. Each warrant is exercisable to acquire one common share of the Company at a price of \$2.18 per common share. At the Company's discretion, expiry could be accelerated if the trading price of the common shares on the TSX exceeds \$2.72 for a period of 20 consecutive trading days. Under this circumstance, the Company has the right, but not the obligation, to accelerate the expiry date of the warrants to a date which is not less than 30 days after the date on which the Company gives notice of such accelerated expiry date to the holders of the warrants.

On October 22, 2018, the Company announced that it had further extended the expiry date of the 3,932,425 outstanding common share purchase warrants mentioned above to May 19, 2019, subject to the same accelerated expiry noted above.

Subsequent Events

Permitting

The Company received a mining license from the Romanian National Agency for Mineral Resources (“NAMR”) in May 2015, signifying an important transitional milestone from the exploration stage to the exploitation phase.

On November 12, 2018, the Company announced the completion of the ratification process of its exploitation permit and mining license for the Rovina Valley Project in Romania. The Company’s mining license was signed by the Prime Minister of Romania at the weekly meeting of the Romanian government on November 9, 2018, as press released through the Government of Romania website. The fully approved mining license for the Rovina Valley Project will now be published in the Official Monitor of the Romanian Government. The Company is the first non-state-owned entity to have a ratified mining license.

Private Placement

Subsequent to September 30, 2018, the Company closed a non-brokered private placement financing of 4,333,333 common shares at a price of CAD\$0.60 per common share for gross proceeds of \$2.0 million (CAD\$2.6 million).

Board Changes

The Company also announced that Mr. Guy Charette has resigned from the Board.

Outlook

The Company’s primary focus is to undertake the Environmental and Social Impact Assessment (ESIA) and will also continue the Feasibility Study accelerating the Rovina Valley Project towards a construction decision. The PEA in 2010 outlined a robust project with an average annual gold production of 196,000 ounces over 19 years with the first five years of production averaging 238,000 ounces annually. In addition, the PEA indicated the Rovina Valley Project would produce 49.4 million pounds of copper annually. Production was based on a throughput rate of approximately 45,000 tonnes per day.

The Feasibility Study will evaluate a scalable, phased approach targeting higher grade zones of the deposit. The phases will begin with the exploitation of the Colnic deposit, with the other deposits to follow, at an initial throughput of approximately 15,000 to 25,000 tonnes per day. The Company believes this phased approach better manages upfront capital costs, better mitigates project risk and is anticipated to deliver improved economics over the 2010 PEA.

Selected Quarterly Financial Information

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

For the quarters ended	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Net loss for the period	\$ (1,320,702)	\$ (1,012,655)	\$ (3,950,395)	\$ (2,982,712)
Basic and diluted loss per share	(0.02)	(0.02)	(0.07)	(0.06)

For the quarters ended	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Net loss for the period	\$ (1,130,369)	\$ (1,023,614)	\$ (1,107,186)	\$ (2,013,907)
Basic and diluted loss per share	(0.03)	(0.02)	(0.02)	(0.04)

Results of Operations for the three and nine months ended September 30, 2018

Selected financial information

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Loss for the period	\$ (1,320,702)	\$ (1,130,369)	\$ (6,283,752)	\$ (3,261,169)
Loss per share	(0.02)	(0.03)	(0.11)	(0.07)
Expenses:				
Consulting and management fees	\$ 384,220	\$ 395,842	\$ 1,008,421	\$ 1,008,816
Professional fees	37,001	13,750	100,966	47,557
General office expenses	72,264	61,083	206,845	213,602
Share-based compensation	(216,332)	7,956	1,361,769	22,924
Travel expenses	36,953	59,647	284,551	243,559
Shareholder communications and filing fees	30,671	196,085	107,800	241,334
Loss from investment in associate	29,766	474	109,162	474
Other loss (income)	18,276	(342,549)	309,322	(625,425)
Legal settlements	-	9,368	-	160,890
	\$ 392,819	\$ 401,656	\$ 3,488,836	\$ 1,313,731
Exploration and evaluation expenditures:				
Consulting and technical	\$ 477,068	\$ 367,867	\$ 1,509,620	\$ 1,043,674
Surface rights	47,749	54,077	155,952	159,916
Environmental studies	-	18,938	155,544	140,189
Other exploration costs	-	51,959	104,851	71,929
Metallurgical testing	273,970	106,195	374,079	110,716
Field office support and administration	109,743	54,408	386,630	213,361
Travel	19,353	75,269	108,240	207,653
	\$ 927,883	\$ 728,713	\$ 2,794,916	\$ 1,947,438

Results of operations for the three months ended September 30, 2018 (“Q3 2018”)

The net loss for Q3 2018 was \$1,320,702 compared to a net loss of \$1,130,369 for Q3 2017. The loss per share was \$0.02 in Q3 2018 compared to a loss per share of \$0.03 in Q3 2017.

Share-based compensation for the quarter was a recovery of \$216,332 compared to an expense of \$7,956 in the comparative period. This difference was primarily due to the grant and subsequent revaluation of 3,855,000 DSUs granted on January 31, 2018.

Q3 2018 includes a foreign exchange loss of \$18,727 (Q3 2017 – gain of \$337,875) and is mainly the result of the movement in the value of the Canadian dollar relative to the U.S. dollar.

The Company has increased its exploration and evaluation expenditure during the quarter to \$927,883 from \$728,713 in the comparative period reflecting the renewed focus on the Rovina Valley Project, with the increase primarily driven by the commencement of metallurgical testing in the current year. The majority of the exploration and evaluation expenditure was for project related consulting / labour and expenses related to Stanija exploration (mapping and surveying), surface rights acquisition, environmental studies and permitting efforts for its Rovina Valley Project.

Results of operations for the nine months ended September 30, 2018 (“Q3 2018”)

The net loss YTD 2018 was \$6,283,752 compared to a net loss of \$3,261,169 YTD 2017. The loss per share was \$0.11 YTD 2018 compared to a loss per share of \$0.07 YTD 2017.

YTD share-based compensation was \$1,361,769 compared to an expense of \$22,924 in the comparative period. This increase was primarily due to the grant and subsequent revaluation of 3,855,000 DSUs granted on January 31, 2018.

YTD 2018 includes a foreign exchange loss of \$311,017 (YTD 2017 – gain of \$604,974) and is mainly the result of the movement in the value of the Canadian dollar relative to the U.S. dollar.

The Company has increased its exploration and evaluation expenditure during the YTD to \$2,794,916 from \$1,947,438 in the comparative period reflecting the renewed focus on the Rovina Valley Project, with the increase primarily driven by the commencement of metallurgical testing in the current year. The majority of the exploration and evaluation expenditure was for project related consulting / labour and expenses related to Stanija exploration (mapping and surveying), surface rights acquisition, environmental studies and permitting efforts for its Rovina Valley Project.

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 September 30, 2018, the Company had cash and cash equivalents of \$527,377 (December 31, 2017 - \$5,906,115) and negative working capital of \$1,197,653 (December 31, 2017 – positive \$5,518,239). 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 October 6, 2017, the Company closed a non-brokered private placement financing of 6,144,291 common shares at a price of CAD\$1.40 per share for gross proceeds of \$6,854,735 (CAD\$8,602,007).

On October 10, 2017, the Company closed a brokered private placement financing of 1,430,000 common shares at a price of CAD\$1.40 per share for gross proceeds of \$1,601,472 (CAD\$2,002,000). In connection with the financing, the Company paid cash commissions and other expenses of \$148,742 (CAD\$187,363) and issued 71,500 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company at a price of CAD\$1.43 for a period of one year from the date of issue.

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 and Litigation

Lease (Romania)

On August 29, 2017, the Company entered into a lease agreement for office space in Bucharest, Romania. The monthly rent payable under the terms of the lease is 7,815 Euros (\$9,617) plus applicable service charges. The rent payable is subject to an annual increase based on the percentage increase in the Euro Zone Monetary Union Index of Consumer Prices over the prior year assessed annually. Amounts unpaid when due are subject to interest of 0.2% per day from the due date until the date the payment is made. The lease is for fixed term of five years commencing February 2018. As at September 30, 2018, the Company had paid a deposit equivalent to six months' rent and services charges of \$76,585.

	September 30, 2018	December 31, 2017
Within one year	\$ 108,818	101,025
After one year but not more than five years	308,318	440,838
More than five years	-	9,184
	\$ 417,136	551,047

Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$4.4 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 \$2.9 million pursuant to the terms of these contracts.

Related Party Transactions

During the nine months ended September 30, 2018, the Company entered into the following transactions with related parties not disclosed elsewhere:

The Company paid or accrued \$2,349,267 (\$1,000,377 for the nine months ended September 30, 2017) of management compensation relating to officers and directors of the Company. Included in this amount is \$209,692 (\$206,612 for the nine months ended September 30, 2017) paid according to a contract for business and operational consulting services with Forbes & Manhattan Inc., a company which of Mr. Stan Bharti is the Executive Chairman and Mr. Matt Simpson is Chief Executive Officer both of whom are directors of the Company. During the nine months ended September 30, 2017, the Company paid fees of \$37,062 to Iron Strike Inc., a company controlled by Mr. Matt Simpson and paid fees of \$114,784 to Gedwal Management Inc., a company controlled by Mr. Guy Charette, a director of the Company during that period.

On January 31, 2018, the Company granted 3,065,000 DSUs to various officers and directors of the Company with a vested value at September 30, 2018 of CAD\$1,409,900 (\$1,089,148).

Subsequent to September 30, 2018, an officer of the Company extended a CAD\$250,000 (\$193,125) loan to the Company with an interest rate of 5%, due on demand. The loan plus accrued interest was repaid in full during November 2018.

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, 2017 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.

Outstanding Share Data

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

- a) 57,575,461 common shares outstanding;
- b) 3,932,425 warrants outstanding with an expiry date of May 19, 2019 and exercise price of \$2.18. If all the warrants were exercised, 3,932,425 shares would be issued for proceeds of CAD\$8,572,687.
- c) 4,704,969 stock options outstanding with expiry dates ranging from June 13, 2021 to September 30, 2021 with exercise prices of CAD\$1.36. If exercised, 4,704,969 shares would be issued for proceeds of CAD\$6,408,947.
- d) 3,855,000 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 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 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 reserve and 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.