Euro Sun Mining Inc.
(formerly Carpathian Gold Inc.)

Management Discussion and Analysis
For the three and nine months ended September 30, 2016
(all amounts in U.S. dollars unless otherwise noted)

Date: November 14, 2016

This Management Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Euro Sun Mining Inc. (formerly Carpathian Gold Inc.) ("Euro Sun" or the "Company") as at and for the three and nine months ended September 30, 2016. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2016 and its consolidated financial statements and related notes as at and for the year ended December 31, 2015. The condensed interim consolidated 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 representation of geologic mineral resources presented in this MD&A have been reviewed and approved by Pierre Desautels, the author of the current mineral resource estimate and an independent Qualified Person as defined by NI 43-101.

Management is responsible for the information disclosed in this MD&A and the companying 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 condensed interim consolidated financial statements for the three and nine months ended September 30, 2016, and Euro Sun's board of directors approved these documents prior to their release.

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 Au-Cu project in Romania (the "Rovina Valley Project" or "RVP"). 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. Rovina is the second largest gold deposit in Europe holding measured and indicated resources of 7.2 million ounces of gold and 1.4 billion lbs of copper. Rovina is 17 km from Eldorado Gold's Certej gold project.

Romania

The Company holds the Rovina Valley Project through an exploration license which covers a total of approximately 94 square kilometres (the "Rovina License") that is currently being converted through a formal government process to a mining license. 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. It 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 License 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 m above sea-level.

On November 17, 2008, the Company released the results of an updated NI 43-101 Mineral Resource Estimate (the "Resource Estimate") on the Rovina Valley Project indicating 193.1 million tonnes of 0.49 g/t Au and 0.18% Cu in the Measured and Indicated categories for a total of 3.07 million ounces of gold and 759.1 million pounds of copper and 177.7 million tonnes of 0.68 g/t Au and 0.17% Cu in the Inferred category for 3.89 million ounces of gold and 663.1 million pounds of copper. The complete report can be found on www.SEDAR.com. The Ciresata deposit hosts significant mineralization above the cut-off grade of 0.70 g/t Au eq, which was not incorporated into the Resource Estimate due to low drill hole density on the edges of the Resource Estimate mineralization, and at depth where the mineralization is still open. Nearly every drill hole in the Ciresata Deposit bottomed in mineralization.

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

During 2010, the Company announced the results of three deep diamond drill holes at the Ciresata Deposit. The three deep, vertical core holes (approximately 3,000 m) were designed to test for the depth extension of the Ciresata mineralization as the results of the PEA highlighted additional upside potential for resource growth at the Ciresata Deposit given that practically every drill hole bottomed in higher-grade gold and copper mineralization. The drill program was also designed to provide infill drill hole data, which would serve to upgrade the present resource category from inferred to indicated. The results of this drilling program have successfully met our objectives and have added significant depth extensions of gold and copper mineralization below previous drilling in addition to verifying and upgrading the grade tenor of the inferred resource estimate. Results of the three deep drill holes have added 280 to 300 m depth extension of Au-Cu mineralization below the previous drilling, and indicate that the deposit is still open laterally.

As a result of the success of the 2010 drill program, the Company embarked on a +35,000 metre drill program in 2011 in order to define the limits of the Ciresata Deposit, upgrade the RVP inferred resource to the Measured plus Indicated resource categories, as well as test satellite targets.

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 Consultants Inc. ("AGP") which is 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 84% 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 Category	**Tonnage (MM t)**	**Au (g/t)**	**Cu (%)**	**Gold (MM oz)**	**Copper (MM lbs)**	**Au eq* (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/Ib Cu for Colnic.
- Rounding of tonnes as required by reporting guidelines may result in apparent differences between tonnes, grade and contained metal content.

A consortium of leading engineering groups and specialists, led by AGP was selected in July 2011 to complete a Pre-Feasibility Study for the Rovina Valley Project, specifically on the Ciresata, Colnic and Rovina porphyry deposits. The Pre-Feasibility Study was put on hold in 2013, given the decline in commodity prices and the equity markets sentiment to fund low grade, large capital cost projects. The interim results of the pre-feasibility study are being reviewed internally for a smaller scale operation than was envisioned in the PEA study competed in March 2010.

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 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 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 the NAMR of its intention to exercise its exclusive statutory right to apply for a Mining License.

SAMAX subsequently and within the 90 day requirement, submitted the required Mining License Application ("MLA") documentation including the mining study, the waste management plan, an environmental assessment, various impact studies and a closure plan. In March 2013, the Romanian National Agency for Mineral Resources ("NAMR") approved and registered the MLA resources/reserves in the National Registry. In October 2013, the NAMR approved the mining waste management plan.

Although initially, the MLA was to be based on a large 40,000 tonne per day operation, the decline in commodity prices and increases in capital cost items since the filing of a preliminary economic assessment ("PEA") in 2010, the Company initiated a review of the scope of the project as a smaller, lower 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 the NAMR in August 2014. In October 2014, the NAMR approved the mining waste management plan as one of the key steps in the Mining License 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. The revised MLA may form the basis for the re commencement of the Pre-Feasibility Study.

On May 27, 2015, the NAMR granted a 20-year mining license ("MLA") for the Rovina Valley Project. The granting of the MLA represents the first and most important step in the licensing process. Under Romanian law, the MLA 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 Preliminary Economic Assessment of 2010 which will outline revised project costs and evaluate scalability options. The granting of the Rovina MLA represents the first time that Romania has granted a mining license for metals without the involvement of a state-owned enterprise.

Following the conversion to a mining license, 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 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. 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 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 licenses or prospecting permits issued by the 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 the 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 'urbanisation 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.

Due to the fact that SAMAX is an exploration-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. If and 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.

Brazil

Riacho dos Machados ("RDM") was the Company's sole project in Brazil and the focus of its efforts since late 2008. RDM hosted a past producing mine that was operated by Vale S.A. as an open-pit heap-leach gold mine until 1997, with maximum pit depths at that time of approximately 60 m. The objectives of the work carried out since 2008 were to define a gold resource at RDM that could be of sufficient size to justify expanding and deepening the former open-pit mine, as well as to define additional gold mineralization and/or exploration targets along strike and at depth. The Company, through its Brazilian subsidiary, Mineração Riacho dos Machados ("MRDM"), owned 100% of RDM, which comprised one mining concession (1,000 ha), one mining concession in the approval process (1,230 ha) and 6 exploration licenses (9,091 ha).

On January 11, 2013, MRDM entered into a Project Loan Facility (the "Facility") with Macquarie Bank Limited ("Macquarie Bank") of up to $90 million to fund the construction and development of the RDM Mine. In conjunction with this Facility, MRDM, through Macquarie Bank, also entered into price protection programs in the form of currency swaps for the RDM Project's Capex (R$1.90 to $1.00) and Opex (R$1.983 to $1.00) as well as a gold price protection program (consisting of forward sales) for a total of 216,600 ounces of gold (approximately 26% of the open-pit reserves) at varying prices from $1,177 to $1,600 per ounce. On September 22, 2015, all price protection and gold price protection programs had been settled. During 2013, MRDM drew the entire $90 million against the Facility. The Facility had been amended a number of times to provide for the increase of the aggregate amount available thereunder to up to $274 million and to provide forbearance against certain defaults and covenants of MRDM under the Facility. As of March 31, 2016, an aggregate of approximately $273 million had been drawn down by MRDM under the amended Facility.

As at and during the year ended December 31, 2015 and the three months ended March 31, 2016, all of the assets and liabilities of MRDM were classified as held for sale. On March 31, 2016, Macquarie Bank assigned all of its rights, title and interest under the Facility to Brio Finance Holdings B.V. ("Brio"), a subsidiary of Yamana Gold Inc., and the most recent forbearance period expired on April 1, 2016. On April 29, 2016, the Company announced that Brio had also acquired all of the Company's interest in MRDM in accordance with an amended and restated restructuring agreement resulting in a loss of control.

Disposition of MRDM

On April 29, 2016, the Company closed a transaction to dispose of its RDM gold project in Brazil.

Yamana Gold Inc.'s Brio Gold division purchased from Macquarie all of Macquarie's rights and interest in its secured loan to the RDM gold project of the Company's subsidiaries as below.

Name of entity	Country of incorporation	Ownership
Ore-Leave Capital (Brazil) Limited	Barbados	100%
OLV Cooperatie U.A.	The Netherlands	100%
OLC Holdings B.V.	The Netherlands	100%
Mineração Riacho dos Machados Ltda. ("MRDM")	Brazil	100%

On April 29, 2016, the Ontario Superior Court of Justice (Commercial List) issued an order approving, among other things, a credit bid transaction, which was initiated by Brio with the cooperation of the Company, and the sale to Brio of all of the Company's direct and indirect equity interests in MRDM (the "Restructuring").

Brio has delivered to the Company and the directors of the Company and certain of its subsidiaries a full release and discharge with respect to any liability under (i) the project loan facility, the gold purchase agreement and the gold sale and purchase agreement and related guarantees previously entered into by Macquarie and the Company, MRDM and certain other subsidiaries of the Company, and (ii) Macquarie's security in respect of the foregoing agreements previously acquired by Brio from Macquarie, including the Company's guarantee thereof.

Furthermore, Brio entered into a subscription agreement with the Company whereby Brio agreed to purchase 3,864,482 common shares (the "Shares") in the capital stock of the Company at a price of CAD$0.327 per Share for aggregate gross proceeds of $1,000,000 (CAD$1,263,500) on a private placement basis.

As part of the transaction closing, $903,951 held in trust and shown as restricted cash at December 31, 2015 was returned to Macquarie.

None of the other assets of the Company have been affected by the Restructuring, and the Company continues to own its Romanian assets.

As at September 30, 2016, the Restructuring has been completed and all the assets, liabilities and obligations related to the RDM project have been disposed of. As a result of the disposition of RDM, the Company recorded a gain of $230,628,958 which represents the difference between the consideration and the net liability of RDM on the date of disposition.

As at December 31, 2015, all of the assets and liabilities of MRDM were classified as held for sale:

	December 31, 2015
Assets	
Current assets	
Cash and cash equivalents	$ 72,335
Restricted deposits	344,049
Trade receivables	2,921,436
Prepaid expenses and sundry receivables	345,184
Inventory	42,858,731
	46,541,735
Non-current assets	
Deposits and receivables	5,637,090
Property, plant and equipment	4,352,587
Mine development assets	5,880,782
Total Assets	62,412,194
Liabilities	
Current liabilities	
Trade and other payables	$ 8,991,658
Project loan facility – short-term	270,770,175
Payables from Gold Stream transaction	27,549,600
Non-current liabilities	
Rehabilitation provisions	5,656,026
Total Liabilities	312,967,459

Third Quarter Highlights

On August 4, 2016, the Company's shareholders approved the adoption of a Shareholder Rights Plan (the "Rights Plan") pursuant to a Shareholder Rights Plan Agreement (the "Rights Plan Agreement") between the Company and TSX Trust Company. The fundamental objectives of the Rights Plan are to provide adequate time for Euro Sun's Board and shareholders to assess an unsolicited take-over bid for the Company; to provide the Board with sufficient time to explore and develop alternatives for enhancing and maximizing shareholder value if a take-over bid is made; and, to provide shareholders with an equal opportunity to participate in a take-over bid. The Rights Plan encourages a potential acquirer who makes a take-over bid (an "Acquirer") to ensure the take-over bid satisfies certain minimum standards designed to promote fairness, or to proceed with the concurrence of the Board (a "Permitted Bid"). If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board, the Rights Plan provides that holders of common shares of the Company, other than the Acquirer, will be able to purchase additional common shares at a significant discount to market, thus exposing the Acquirer to substantial dilution of its holdings. The Rights Plan has been prepared in alignment with recent amendments to the regulatory framework governing take-over bids published by the Canadian Securities Administrators, which came into effect on May 9, 2016.

The Rights Plan will have an initial term which expires at the annual meeting of shareholders of the Company to be held in 2019 unless terminated earlier. The Rights Plan may be extended beyond 2019 by approval of eligible shareholders at such 2019 meeting. Pursuant to the Rights Plan, effective July 6, 2016 rights (the “Rights”) have been issued and attached to all of Euro Sun’s outstanding common shares. A separate rights certificate will not be issued until such time as the Rights become exercisable (which is referred to as the “separation time”). The Rights will become exercisable only if a person, together with its affiliates, associates and joint actors, acquires or announces its intention to acquire beneficial ownership of Euro Sun common shares which, when aggregated with its current holdings, total 20% or more of the outstanding Euro Sun common shares (determined in the manner set out in the Rights Plan) other than as permitted under the Rights Plan. The Rights will effectively permit holders, other than an Acquirer and such related parties, to purchase common shares of the Company at a 50% discount to their market price (as defined in the Rights Plan Agreement). Additional details regarding the Rights Plan is available for viewing on www.sedar.com.

On August 18, 2016, the Company announced it had changed its name to Euro Sun Mining Inc.

On September 12, 2016, the Company migrated its common shares from the Canadian Securities Exchange (“CSE”) to the Toronto Stock Exchange (“TSX”) and began trading on the TSX under the new symbol “ESM”. In addition, the Company consolidated its common shares on the basis of one common share for every 18.164 common shares on the date of consolidation of September 12, 2016. The impact of the common share consolidation has been reflected retroactively in its condensed interim consolidated financial statements for the three and nine months ended September 30, 2016 and this MD&A.

On September 13, 2016, the Company announced the appointment of Mr. Brad Humphrey as Vice President of Corporate Development. Mr. Humphrey has over 20 years of international mining experience, principally as a previous metals analyst focused on gold and silver companies across all stages of development through to senior producers.

Subsequent to quarter-end on October 18, 2016, the Company announced that it obtained a new prospecting permit from Romanian’s National Agency for Mineral Resources for the Stanija area, located approximately 3 kilometres east of its Rovina Valley Mining Licence, in west-central Romania. The Stanija property covers 42 square kilometres in the highly prolific Golden Quadrilateral mining district in the South Apuseni mountains. The permit is valid for three years and exploration work will begin 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.

Outlook

The Company’s primary focus is to advance the permitting process with the regulatory bodies for its Rovina Valley Project. In May 2015, a mining license was issued to Euro Sun by the National Agency for Mineral Resources (NAMR). By law, the license will need to be ratified by four ministries, namely the Ministry of Economy, Environment, Public Finance and Justice, and published in the government Gazette. Euro Sun management is working diligently to have NAMR initiate the ratification process and allow the Company to initiate the full permitting process at Rovina.

Concurrently with permitting efforts, environmental base line work and social programs will also continue on the Rovina Valley Project. The Company will also commence a feasibility study in early 2017.

Selected Quarterly Financial Information

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

For the quarters ended	Q3 2016	Q2 2016	Q1 2016	Q4 2015
	$	$	$	$
Net income (loss) for the period from continuing operations	(2,213,522)	(211,783)	(6,207,212)	1,041,452
Net income (loss) for the period from discontinued operations	-	230,624,463	(92,973)	(28,867,182)
Basic and diluted income (loss) per share from continuing operations*	(0.04)	(0.00)	(0.18)	-
Basic and diluted income (loss) per share from discontinued operations*	-	5.27	(0.00)	(0.73)

For the quarters ended	Q3 2015	Q2 2015	Q1 2015	Q4 2014
	$	$	$	$
Net income (loss) for the period from continuing operations	3,814,823	(3,768,612)	4,491,557	(10,367,089)
Net income (loss) for the period from discontinued operations	(25,720,217)	766,480	(25,388,107)	(132,573,430)
Basic and diluted income (loss) per share from continuing operations*	0.10	(0.00)	0.18	(0.18)
Basic and diluted income (loss) per share from discontinued operations*	(0.67)	0.00	(0.73)	(3.45)

* On September 12, 2016, the Company consolidated its common shares on the basis of one common share for every 18.164 common shares outstanding on the date of consolidation. The per share income (loss) for the comparative periods have been adjusted to reflect this change.

Results of Operations for the three and nine months ended September 30, 2016

Selected financial information

	For the three months ended September 30, 2016	For the three months ended September 30, 2015	**For the nine months ended September 30, 2016**	For the nine months ended September 30, 2015
	$	$	**$**	$
(Loss) income for the period	**(2,213,522)**	3,814,823	**(8,632,517)**	4,537,768
(Loss) income per share	**(0.04)**	0.10	**(0.20)**	0.12
Expenses:				
General and administrative	**221,525**	2,143,237	**1,617,130**	5,040,353
Consulting and management expenses	**527,342**	205,825	**5,338,946**	689,422
Legal settlements	**970,286**	-	**970,286**	-
Depreciation and amortization	**-**	23,208	**44,048**	72,673
Impairment	**-**	-	**70,013**	-
Other loss (income)	**82,613**	(6,492,155)	**(262,124)**	(11,074,066)
	1,801,766	**(4,119,885)**	**7,778,299**	**(5,271,618)**
Exploration and evaluation expenditures:				
Consulting and labour	**272,514**	257,382	**608,898**	503,121
Exploration costs	**12,579**	1,519	**14,687**	24,525
Field office and administration	**65,807**	42,673	**169,777**	187,108
Professional fees	**-**	3,488	**-**	19,096
Travel costs	**60,856**	-	**60,856**	-
	411,756	305,062	**854,218**	733,850
(Loss) income for the period from discontinued operations	**-**	(25,720,217)	**230,531,490**	(50,341,844)
(Loss) income per share from discontinued operations	**-**	(0.67)	**5.21**	(1.32)

Results of Operations for the three months ended September 30, 2016 (“Q3 2016”)

During Q3 2016, the Company was focused on transitioning to new management, migrating its common shares to the Toronto Stock Exchange (“TSX”) and obtaining a new prospecting permit from Romania’s National Agency for Mineral Resources. No substantial exploration fieldwork was carried out in Romania during Q3 2016.

The net loss from continuing operations for Q3 2016 was $2,213,522 compared to a net income of $3,814,823 for Q3 2015. Net income in Q3 2015 related mainly to a foreign exchange gain of $6,491,900. The net loss for Q3 2016 includes $211,634 (Q3 2015 - $643) in share based compensation, a non-cash cost, as a result of the grant of 275,265 options to a consultant of the Company in the period. In addition, the Company accrued $970,286 related to the settlement of two lawsuits with former officers of the Company.

The basic and diluted loss per share from continuing operations was $0.04 in Q3 2016 versus income per share of $0.10 in Q3 2015.

The net income from discontinued operation under MRDM for Q3 2016 was $nil compared to net loss of $25,720,217 for Q3 2015. The Company completed the disposition of MRDM on April 29, 2016.

The basic and diluted income per share from discontinued operation was $nil in Q3 2016 versus loss per share of $0.67 in Q3 2015.

Results of Operations for the nine months ended September 30, 2016 (“YTD 2016”)

The net loss from continuing operations for YTD 2016 was $8,632,517 compared to a net income of $4,537,768 for YTD 2015. Net income in YTD 2015 related mainly to a foreign exchange gain of $11,073,144. YTD 2016 includes $4,429,151 (YTD 2015 - $5,066) in share based compensation, a non-cash cost, as a result of the grant of 4,704,969 options to directors, officers, employees and consultants of the Company in the period.

Professional fees of $1,314,135 were incurred in YTD 2016 compared to $4,602,589 in the comparative nine month period. Most of the professional fees were paid to a restructuring consultant and lawyers assisting with the process of disposing of RDM. Professional fees are expected to be substantially lower in coming quarters as these costs are not expected to be incurred going forward given the disposition of RDM.

During YTD 2016, the Company accrued $970,286 related to the settlement of two lawsuits with former officers of the Company

In YTD 2016, a non-cash impairment charge of $70,013 was recognized against the carrying value of mainly leasehold improvements and some office equipment at the Company's former downtown Toronto office which was subleased during the quarter ($nil in Q3 2015).

The basic and diluted loss per share from continuing operations was $0.20 in YTD 2016 versus income per share of $0.12 in YTD 2015.

The net income from discontinued operation under MRDM for YTD 2016 was $230,531,490 compared to a net loss of $50,341,844 for YTD 2015. The basic and diluted income per share from discontinued operation was $5.21 in YTD 2016 versus loss per share of $1.32 in YTD 2015. MRDM was disposed of during 2016 resulting in a gain on disposition of $230,628,958. In addition, YTD 2015 included a loss on derivative contracts of $18,609,398 and interest costs of $27,046,106 both of which were $nil in YTD 2016.

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 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 Project.

As at September 30, 2016, the Company had cash and cash equivalents of $7,896,689 ($549,076 – at December 31, 2015) and working capital of $6,750,367 ($1,214,091 as at December 31, 2015). 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 September 12, 2016, the Company consolidated its common shares on the basis of one new common share for every 18.164 common shares outstanding effective September 12, 2016. The impact of the common share consolidation has been reflected retroactively in these consolidated financial statements and accompanying notes.

On March 31, 2016, the Company announced that Brio had acquired from Macquarie all of Macquarie's rights and interests in the project loan facility and on April 29, 2016, Brio acquired 100% of the Company's interest in MRDM in accordance with an amended and restated restructuring agreement. Additionally, upon closing of the restructuring, Brio entered into a subscription agreement with the Company whereby Brio agreed to purchase 3,864,482 common shares (the "Shares") in the capital stock of the Company at a price of CAD$0.327 per Share for aggregate gross proceeds of $1,000,000 (CAD$1,263,500) on a private placement basis.

On May 19, 2016, the Company closed a private placement financing whereby Forbes & Manhattan Inc., Sulliden Mining Capital Inc. and Black Iron Inc. subscribed to units (the "Units") at subscription price of CAD$1.27 per Unit for aggregate gross proceeds of CAD$10,000,000. Each Unit consisted of one (1) common share of the Company ("Common Share") and one-half (0.5) of a common share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to acquire one (1) Common Share at a price of CAD$2.18 for a period of two (2) years from the date of issuance. However, the Warrant exercise period may be accelerated if after the date that is 4 months and a day following the closing, the Common Shares trade at a price above CAD$2.72 for a period of 20 consecutive trading days. The Company incurred total transaction costs of $496,929 and issued broker warrants with a fair value of $422,086 in connection with the private placement.

Changes in Accounting Policies

For more details on the effect of these changes on the financial results of the Company please refer to Note 3 of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2016.

Exploration and evaluation expenditures

During 2016, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights, and exploration and evaluation costs are expensed until it has been established that a mineral property is commercially viable. Previously, the Company capitalized these amounts.

Expired share-based payments and warrants

During the nine months ended September 30, 2016, the Company elected to change its accounting policy for the treatment of share-based payments and warrants whereby amounts recorded for expired unexercised share options and warrants are transferred to deficit on expiry. The value of unexercised and outstanding warrants and options will continue to be recorded in the warrant reserve and contributed surplus reserve accounts, respectively. The Company believes that this presentation provides more relevant financial information. Previously, the Company's policy was to record the value of expired options and warrants within contributed surplus along with the value of outstanding share options.

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

<u>Leases</u>

As of December 1, 2010, the Company entered into a sub-lease agreement for office space through March 31, 2018. The minimum annual rent thereunder is CAD$35,640 plus applicable expenses for the entire term. In addition, the Company entered into a lease agreement in respect of additional office space for the period June 1, 2012 to March 31, 2018. The minimum annual rent thereunder was CAD$39,618, which increased to CAD$44,020 as of October 1, 2014 plus applicable expenses. As of September 1, 2015, all of the Company's premises covered by these agreements were sub-leased to the Company by a third party through to March 31, 2018 at full recovery.

Lawsuits

Subsequent to September 30, 2016, the Company settled two lawsuits with former officers of the Company for $1,029,199 (CAD$1,360,500). The $978,497 discounted value of the settlement amount has been accrued in the September 30, 2016 financial statements. One lawsuit for wrongful dismal remains for approximately $1.3 million. The Company intends to defend the matter vigorously as it believes the claim is without merit.

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 $2.3 million pursuant to the terms of these contracts.

Related Party Transactions

During the nine months ended September 30, 2016, the Company entered into the following transactions with related parties not disclosed elsewhere:

The Company paid or accrued $648,409 of management compensation relating to officers and directors of the Company. Included in this amount is $90,717 paid according to a contract for business and operational consulting services with Forbes & Manhattan Inc., a company which Mr. Stan Bharti is the Executive Chairman and Mr. Matt Simpson is Chief Executive Officer both of whom are directors of the Company. Also included in management compensation are consulting expenses of $170,094 paid to Gedwal Management Inc. a company controlled by Mr. Guy Charette, a director of the Company. In addition, officers and directors had 3,720,951 options vest with a value of $3,541,560 during the period.

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 Listing Statement 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.

Subsequent Event

On October 18, 2016, the Company announced that it had obtained a new prospecting permit from Romania's National Agency for Mineral Resources for the Stanija area, located approximately 3 kilometres east of its Rovina Valley Mining Licence, in west-central Romania. The Stanija property covers 42 square kilometres in the highly prolific Golden Quadrilateral mining district in the South Apuseni mountains. The permit is valid for three years and exploration work will begin immediately.

See "Financial commitments and litigation" section – "Lawsuits".

On October 31, 2016, Carpat Gold S.R.L., one of the Company's subsidiaries, was dissolved.

Outstanding Share Data

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

a) 50,001,183 common shares outstanding;
b) 4,404,316 warrants and broker warrants outstanding with expiry dates of May 19, 2018 and exercise prices ranging from CAD$1.27 to CAD$2.18. If all the warrants or broker were exercised, 4,404,316 shares would be issued for proceeds of CAD$9,171,428.
c) 4,908,669 stock options outstanding with expiry dates ranging from August 13, 2017 to September 30, 2021 with exercise prices ranging from CAD$0.59 to CAD$7.27. If exercised, 4,908,669 shares would be issued for proceeds of CAD$7,815,447.

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.