Management Discussion and Analysis

For the three and nine months ended September 30, 2019

(all amounts in U.S. dollars unless otherwise noted)

Date: November 1, 2019

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, 2019. 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, 2019 and its audited consolidated financial statements as at and for the year ended December 31, 2018. 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. Pierre Desautels, P. Geo., and Mr. Gordon Zurowski, P. Eng., both principal partners of AGP Mining Consultants Inc. ("AGP"), who are 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 Resource Estimate Update", "Rovina Valley Project Preliminary Economic Assessment", "2019 PEA Highlights", "Third Quarter 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 unaudited consolidated financial statements as at and for the nine months ended September 30, 2019, 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 7.1 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.

SAMAX subsequently and within the 90-day requirement, submitted the required mining license 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 declining commodity prices and increases in capital cost items, 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 License approval process. There has been no previous commercial mining activity at the Rovina Valley Project and the proposed mine site footprint, as defined by its Mining License Application, does not include any known protected heritage sites or archaeological occurrences and has been specifically designed to minimize the impact on nearby communities. 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 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.

The Company initiated a feasibility study and metallurgical testing contract in September 2017 as well as evaluating scalability options for project development (the "Feasibility Study"). 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 has provided guidance on field programs for developing additional geotechnical and hydrological design criteria for the Feasibility Study.

Representative geo-metallurgical samples weighing three tonnes each were collected and shipped for pilot plant scale grinding and flotation testwork for recovery of copper and gold without the use of cyanide. The final results were received in November 2018 and represent an improved metal recovery with respect to previous testwork.

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.

Rovina Valley Project Resource Estimate Update

On February 20th, 2019, Euro Sun announced its updated NI 43-101 mineral resource estimate ("2019 Resource Estimate") as prepared by independent consultants AGP, on it's 100% owned Rovina Mining License in west-central Romania. The 2019 Resource Estimate includes the Colnic, Rovina and Ciresata gold-rich copper porphyry deposits, 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 2019 Resource Estimate is an update to the 2012 Resource Estimate (completed by AGP) to primarily reflect higher operating costs, new metallurgical recoveries (see ESM Press Release dated September 19, 2018), and higher metal prices on resource constraining Lerchs-Grossman open pits using appropriate cut-off grades. 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 2014 CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101 and are considered to have reasonable prospects for economic extraction.

AGP concluded that, effective February 20, 2019, and utilizing approximately 120,256 m of diamond drill hole data drilled by Euro Sun from 2006 through 2012, the Rovina Valley Project contains mineral resources of 89.8 million tonnes of Measured Resources at a grade of 0.62 g/t Au and 0.19 % Cu containing 1.78 million ounces of gold and 385 million pounds of copper, Indicated resources of 306.6 million tonnes at a grade of 0.53 g/t Au and 0.15 % Cu containing 5.26 million ounces of gold and 1,006 million pounds of copper. The total Measured and Indicated resources amount to 396.5 million tonnes at a grade of 0.55 g/t Au and 0.16 g/t Cu containing 7.05 million ounces of gold and 1,391 million pounds of copper. Inferred resources added an additional 28.2 million tonnes at a grade of 0.37 g/t Au and 0.16 % Cu containing 0.33 million gold ounces and 98 million pounds of copper. The table below summarizes the result of the mineral resource estimate for all three porphyry deposits in the Rovina Valley Project.

Rovina Valley Resource Estimate (2019)

Resource Category	Tonnage (MM t)	Au (g/t)	Cu (%)	Gold (M oz)	Copper (M lb)	AuEq* (M oz)
Measured						
Rovina (open-pit)	32.1	0.36	0.29	0.37	208	0.83
Colnic (open-pit)	29.2	0.65	0.12	0.61	74	0.77
Ciresata (underground)	28.5	0.88	0.16	0.81	102	1.03
Total Measured	**89.8**	**0.62**	**0.19**	**1.78**	**385**	**2.63**
Indicated						
Rovina (open-pit)	74.2	0.27	0.22	0.64	365	1.44
Colnic (open-pit)	106.5	0.47	0.10	1.62	228	2.12
Ciresata (underground)	125.9	0.74	0.15	3.01	413	3.92
Total Indicated	**306.6**	**0.53**	**0.15**	**5.26**	**1,006**	**7.47**
Total Measured + Indicated	**396.5**	**0.55**	**0.16**	**7.05**	**1,391**	**10.11**
Inferred						
Rovina (open-pit)	14.9	0.19	0.19	0.09	62	0.22
Colnic (open-pit)	4.7	0.34	0.10	0.05	10	0.07
Ciresata (underground)	8.6	0.70	0.14	0.19	26	0.25
Total Inferred	**28.2**	**0.37**	**0.16**	**0.33**	**98**	**0.55**

Notes: *AuEq determined by using a long term gold price of US$1,500/oz and a copper price of US$3.30/lb. Metallurgical recoveries are not taken into account for AuEq.

Base case cut-offs used in the table are 0.35 g/t AuEq for the Colnic deposit and 0.25% CuEq for the Rovina deposit (both of which are amenable to open-pit mining), and 0.65 g/t AuEq for the Ciresata deposit, which is amenable to underground bulk mining.

For the Rovina and Colnic porphyries, the resources are pit-shell constrained using Lerchs-Grossmann algorithm pit optimizer and market metal values of $1,500/oz Au price and $3.30/lb Cu price, with net prices after smelter payables, concentrate transport, smelter charges, and royalty of US$1,384/oz Au and US$2.61/lb Cu for Colnic and US$1,286/oz Au and US$2.59/lb Cu for Rovina. Flotation metallurgical recoveries used are: Colnic 81.5% gold, 88.5% copper and Rovina 73.2% gold, 94.7% copper.

The quantity and grade of Inferred Resources reported above are conceptual in nature, and are estimated on the basis of 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 Resources has a lower level of confidence than an Indicated Mineral Resources and it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources 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.

At both the Rovina and Colnic deposits, there are higher-grade portions of each deposit that outcrop at surface. These areas represent higher grade porphyry core mineralization that can allow cut-off grade optimization in mining scenarios. As an example, the higher-grade mineralization at Colnic contains measured plus indicated resources at >0.70 g/t Au eq of 46 million tonnes at 0.75 g/t Au and 0.12% Cu. At the Rovina deposit, the higher-grade mineralization contains measured plus indicated resource at >0.50% Cu eq of 30 million tonnes at 0.48 g/t Au and 0.34% Cu. Ciresata has a continuous zone of high-grade gold and copper mineralization in the core of the deposit that persists at depth that is suitable for extraction with an underground bulk-mining method. At Ciresata, the measured plus indicated resource of this core at >1.0 g/t Au eq contains 58 million tonnes at 1.04 g/t Au and 0.18% Cu.

Rovina Valley Project Preliminary Economic Assessment

On February 20, 2019, the Company announced the results of the Preliminary Economic Assessment ("PEA" and, together with the 2019 Resource Estimate, the "2019 Technical Report") for the exploitation of the Colnic open pit; the initial phase of development of its Rovina Valley gold and copper project (the "Rovina Valley Project"). The Company is applying a staged, multi-phase development approach for the Rovina Valley Project. The Rovina Valley Project consists of the Colnic and Rovina gold-copper deposits amenable to open-pit development and the Ciresata gold-copper deposit suitable for underground development. The PEA considers the Colnic mineral deposit only but does include the processing facilities which will also be used in treating both Rovina and Ciresata mineral deposits. Sequencing for the Rovina open pit and Ciresata underground mine will be undertaken in a separate study at a later date.

2019 PEA Highlights

- Average annual gold equivalent production of 139,000 ounces
- Colnic life of mine production of 1,675,000 Gold Equivalent ounces (1,301,000 ounces Au) over 12 years
- Avg. AISC of $752/oz (net of copper credit)
- Processing rate of 20,000 tonnes per day incorporating flotation and dry stack tailings deposition.
- Pre-Tax $NPV_{5\%}$ of $218.1 million with an IRR of 15.4% and Post-Tax $NPV_{5\%}$ of $168.8 million with an IRR of 13.5% at $1,325/oz gold and $3.10/lb copper
- Initial capital costs of $339.7 million (total CAPEX of $352 million)
- Average metallurgical recoveries of 82% for gold and 89% copper without utilizing cyanide

The 2019 PEA highlights a positive economic project for our initial phase of development at the Rovina Valley Project. Colnic is an at surface open pit deposit containing only 28.6% of the total measured and indicated resources at the Rovina Valley Project. Colnic will form the foundation of a multi-decade operation with the expectation of bringing the Rovina pit on-line using pre-installed processing facility and infrastructure followed by the Ciresata deposit.

Preliminary Economic Assessment Highlights

Base Case Assumptions	
Gold price (base case)	$1,325/oz
Copper price (base case)	$3.10/lb
Gold recovery	82%
Copper recovery	89%
Mine Life (Colnic Only)	12 years
Mining rate	20,000 tonnes per day
Mine Parameter	
Average annual gold equivalent production	139,000 ounces
Average annual gold production	108,000 ounces
Average annual copper production	13.3 million pounds
Average gold grade g/t	0.58
Average copper grade %	0.10
Colnic LOM Strip ratio (waste to ore)	1.9:1
Capital Costs	
Pre-strip capital	$33.5 million
Initial capital	$306.2 million
Total Initial Capital	$339.7 million
Sustaining Capital	$12.2 million
Total CAPEX	$352 million
Operating Costs	
All-in sustaining costs	$743/ ounce Au
Mining costs	$2.25 /tonne moved
Milling costs	$7.03 /tonne milled
G&A costs	$0.50 /tonne milled
Cash Flow	
Pre-Tax NPV (5% discount rate)	$218 million
Pre-Tax IRR	15.4%
Post-Tax NPV (5% discount rate)	$169 million
Post-Tax IRR	13.5%

The PEA was prepared by Lycopodium Minerals Canada Limited and AGP The PEA is filed on SEDAR (1st April, 2019), in accordance with National Instrument 43-101: Standards of Disclosure for Mineral Projects ("NI 43-101").

Further information on the Rovina Valley Project, including the 2019 Technical Report, can be found on the Company's web site at 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.

Third Quarter Highlights

Private Placement

On July 4, 2019, the Company issued 8,610,000 units of the Company (the "Units") at a price of C$0.36 per Unit for gross proceeds of C$3,099,600 ($2,373,674) on completion of a brokered private placement offering. Each Unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of C$0.47 per share until July 4, 2021. The Company paid C$216,972 ($166,157) in finder fees for this private placement and issued 602,700 Broker Warrants.

Ownership of Vilhelmina Minerals Inc.

On October 10, 2019, the Company acquired all issued and outstanding shares of Vilhelmina Minerals Inc. ("Vilhelmina"). The Company acquired 2,457,230 common shares of Vilhelmina from other existing shareholders of Vilhelmina for a total purchase price of 9,088,235 common shares of the Company from treasury.

Board of Director Changes

On July 17, 2019, Mr. Tom Olesinski replaced Mr. Peter Tagliamonte on the Board of Directors.

On October 15, 2019, the Company announced the appointment of Danny Callow as a new independent member of its Board of Directors. Mr. Callow has over 25 years of experience in building and operating large tonnage mines globally. Mr. Callow was formerly head of African Copper Operations for Glencore PLC, CEO and Executive Director of Katanga Mining Ltd. and CEO of Mopani Copper Mines PLC. Mr. Callow is a Professional Mining Engineer and holds an MBA from Henley Management College and a Bachelor (Hons) of Mining Engineering from the Camborne School of Mines. In addition, he holds a non-executive Director professional diploma from FT-London. Mr. Callow has overseen more than $2.5 billion in mining projects from conception through to full production. Mr. Callow will replace Mr. Matt Simpson on the Board.

Outlook

The Company's primary focus is to undertake the ESIA and will also continue the Feasibility Study accelerating the Rovina Valley Project towards a construction decision.

The PEA in April 2019 outlined a robust project with an average annual gold production of 139,000 ounces over 12 years with an all-in sustaining cost "AISC" of $752/oz (net of copper credit). Production was based on a throughput rate of approximately 20,000 tonnes per day with initial capital costs of $339.7 million. Average metallurgical recoveries of 82% for gold and 89% copper without utilizing cyanide.

Selected Annual Information

	2018	2017	2016
Net loss for the year from continuing operations	$(7,215,770)	$ (6,243,881)	$(10,646,424)
Net income for the year from discontinued operations	-	-	230,531,490
Basic and diluted loss per share from continuing operations	(0.12)	(0.12)	(0.23)
Basic and diluted income per share from discontinued operations	-	-	5.05
Total assets	$ 2,372,663	$ 6,940,359	$ 5,735,803
Number of weighted average shares	58,240,301	51,770,126	45,683,315

Selected Quarterly Financial Information

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

For the quarters ended	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Net loss for the period	$ (1,023,257)	$ (3,502,985)	$ (1,861,246)	$ (932,018)
Basic and diluted loss per share	(0.01)	(0.05)	(0.03)	(0.02)

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)	(0.03)	(0.05)

Results of operations for the three and nine months ended September 30, 2019

Selected financial information

	Three months ended September 30, 2019	Three months ended September 30, 2018	**Nine months ended September 30, 2019**	Nine months ended September 30, 2018
Loss for the period	**$ (1,023,257)**	$ (1,320,702)	**$ (6,387,488)**	$ (6,283,752)
Loss per share	**(0.01)**	(0.05)	**(0.09)**	(0.11)
Expenses:				
Consulting and management fees	**$ 394,581**	$ 384,220	**$ 2,333,056**	$ 1,008,421
Professional fees	**21,576**	37,001	**63,976**	100,966
General office expenses	**63,050**	72,264	**155,561**	206,845
Share-based compensation	**(335,134)**	(216,332)	**860,506**	1,361,769
Travel expenses	**136,257**	36,953	**198,017**	284,551
Shareholder communications and filing fees	**63,737**	30,671	**406,013**	107,800
Loss from investment in associate	**18,301**	29,766	**83,391**	109,162
Other expenses	**(1,320)**	18,276	**29,286**	309,322
	$ 367,476	$ 392,819	**$ 4,129,806**	$ 3,488,836
Exploration and evaluation expenditures:				
Consulting and technical	**$ 504,775**	$ 477,068	**$ 1,485,380**	$ 1,509,620
Surface rights	**32,266**	47,749	**60,777**	155,952
Environmental studies	**3,519**	-	**6,545**	155,544
Other exploration costs	**34,858**	-	**105,240**	104,851
Metallurgical testing	**33,817**	273,970	**102,489**	374,079
Field office support and administration	**25,844**	109,743	**246,056**	386,630
Professional fees	**38**	-	**5,918**	-
Travel	**(18,941)**	19,353	**(13,039)**	108,240
Licence fees	**39,605**	-	**258,316**	-
	$ 655,781	$ 927,883	**$ 2,257,682**	$ 2,794,916

Results of operations for the three months ended September 30, 2019 ("Q3 2019")

The net loss for Q3 2019 was $1,023,257 compared to a net loss of $1,320,702 for Q3 2018. The associated loss per share was $0.01 in Q3 2019 and $0.05 Q3 2018.

Consulting costs incurred for the three months ended September 30, 2019 were $394,581 compared to $384,220 in the comparative period.

Share-based compensation for Q3 2019 was a recovery of $335,134 compared to a recovery of $216,332 in the comparative period. This difference was primarily due to the revaluation of outstanding DSUs in the quarter as a result of a decrease in the Company's share price.

The Company has decreased its exploration and evaluation expenditure during the quarter to $655,781 from $927,883 in the comparative period. This change is primarily due to lower spending on metallurgical testing compared to prior year.

Results of operations for the nine months ended September 30, 2019 ("Q3 2019 YTD")

The net loss for Q3 2019 YTD was $6,387,488 compared to a net loss of $6,283,752 for Q3 2018 YTD. The loss per share was $0.09 in Q3 2019 YTD and $0.11 in Q3 2018 YTD.

Consulting costs incurred for the nine months ended September 30, 2019 were $2,333,056 compared to $1,008,421 in the comparative period. The majority of the $1,324,635 increase is attributed to additional one-off consulting expenditures for corporate communications.

Share-based compensation for Q3 2019 YTD was $860,506 compared to $1,361,769 in the comparative period. This difference was primarily due to the grant of 3,870,000 DSUs during the period, combined with subsequent revaluation of 3,351,259 DSUs granted on January 31, 2018 compared to the vesting and revaluation of the outstanding DSUs, combined with stock option grants as at and for the nine months ended September 30, 2019.

The Company has decreased its exploration and evaluation expenditure during Q3 2019 YTD to $2,257,682 from $2,794,916 in the comparative period. This change is primarily due to lower spending on surface rights acquisition, environmental studies and metallurgical testing.

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, 2019, the Company had cash and cash equivalents of $183,837 (December 31, 2018 - $460,704) and a negative working capital of $1,996,629 (December 31, 2018 – negative $486,519). 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 November 8, 2018, the Company closed a non-brokered private placement financing of 4,333,333 commons shares at a price of CAD$0.60 per share for gross proceeds of $2,000,000 (CAD$2,619,200).

On March 26, 2019, the Company closed a non-brokered private placement financing of 10,000,000 units at a price of CAD$0.30 per unit for gross proceeds of $2,241,000 (CAD$3,000,000). Each unit is 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$0.50 for a period of two years from the grant date. The Company paid commissions and other expenses of $73,024 (CAD$97,757) in relation to this private placement.

On July 4, 2019, the Company issued 8,610,000 units of the Company (the "Units") at a price of C$0.36 per Unit for gross proceeds of C$3,099,600 ($2,373,674) on completion of a brokered private placement offering. Each Unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of C$0.47 per share until July 4, 2021. The Company paid C$216,972 ($166,157) in finder fees for this private placement and issued 602,700 Broker Warrants. Each Broker Warrant is exercisable to acquire one common share of the Company at a price of C$0.47 until July 4, 2021. The Company paid other expenses of C$277,866 ($212,787) in relation to this private placement.

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

Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately $4.0 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 $2.7 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.

Related Party Transactions

During the nine months ended September 30, 2019, the Company entered into the following transactions with related parties not disclosed elsewhere:

The Company paid or accrued $1,691,761 ($2,349,267 for the nine months ended September 30, 2018) of management compensation relating to officers and directors of the Company. Included in this amount is $203,130 ($209,692 for the nine months ended September 30, 2018) 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 were directors of the Company for the nine months ended September 30, 2019. Matt Simpson resigned from the Board on October 15, 2019

On January 31, 2018, the Company granted 2,820,000 DSUs to various current officers and directors of the Company with a vested value at September 30, 2019 of CAD878,900 ($663,671).

On April 5, 2019, the Company granted 2,700,000 DSUs to various current officers and directors of the Company with a vested value at September 30, 2019 of CAD$519,750 ($392,471).

On April 5, 2019, the Company granted 665,000 stock options to various current officers and directors of the Company with a vested value at September 30, 2019 of CAD$258,574 ($193,155).

An officer of the Company extended loans in the amount of $50,528 to the Company. These loans were unsecured, interest free, and had no fixed terms of repayment. These loans were repaid in full in July 2019.

On June 4, 2019, Forbes & Manhattan extended a loan in the amount of CAD$70,000 ($53,488) to the Company. The loan was unsecured, interest free, and had no fixed terms of repayment. This loan was repaid in full in July 2019.

On June 18, 2019, the Company entered into a loan agreement with Sulliden Mining Capital Inc. in the amount of $86,000. The loan was unsecured, had an interest rate of 12% per annum and was due to be repaid no later than August 17, 2019. The loan principal of $86,000 plus accrued interest of $424.11 were repaid in full in July 2019.

Significant Accounting Policies

The unaudited 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, 2018 with the exception of the adoption of new accounting pronouncements on January 1, 2019 as outlined below.

The Company adopted IFRS 16, Leases on January 1, 2019. IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases, as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. Effective January 1, 2019, the Company adopted this standard using the modified retrospective approach, under which the cumulative effect of initial application was recognized in retained earnings at January 1, 2019.

For contracts entered into before January 1, 2019, the Company determined whether the arrangement contained a lease under IAS 17 Leases ("IAS 17") and its interpretive guidance. Prior to the adoption of IFRS 16, these leases were classified as operating or finance leases based on an assessment of whether the lease transferred significantly all the risks and rewards of ownership of the underlying asset.

Upon transition to the new standard, lease liabilities were measured at the present value of the remaining lease payments discounted by the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets and lease liabilities were recognized on the statement of financial position with the cumulative difference recognized in retained earnings.

At transition, lease liabilities of $354,744 and right-of-use assets of $331,946 were recognized in the consolidated statement of financial position. The difference of $22,798 was recognized as a reduction in retained earnings.
For contracts entered into subsequent to January 1, 2019 at inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaced the previous requirement to recognize a provision for onerous lease contacts.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of earnings.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

The Company reports its right-of-use asset as part of property, plant and equipment on the condensed consolidated interim statement of financial position.

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, 2018 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) 90,307,029 common shares outstanding;
b) 13,512,700 warrants outstanding with expiry dates ranging from March 26, 2021 to July 4, 2021 with exercise prices between $0.47 and $0.50. If all the warrants were exercised, 13,512,700 shares would be issued for proceeds of CAD$6,479,969.
c) 8,762,517 stock options outstanding with expiry dates ranging from June 13, 2021 to October 15, 2024 with exercise prices from CAD$0.28 to CAD$1.36. If exercised, 8,762,517 shares would be issued for proceeds of CAD$7,070,823.
d) 7,121,259 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.