Management Discussion and Analysis

For the three and nine months ended September 30, 2017

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

Date: November 13, 2017

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, 2017. 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, 2017 and its audited consolidated financial statements and related notes as at and for the year ended December 31, 2016. 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 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 condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2017, 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 north-central Romania. The Rovina Valley Project consists of three copper-gold porphyry systems referred to as Rovina, Colnic and Ciresata on which the Company has carried out extensive exploration programs. RVP is the second largest gold deposit in Europe holding measured and indicated mineral resources of 7.2 million ounces of gold and 1.4 billion lbs of copper.

Rovina Valley Project – History and Latest Developments

The Company holds the Rovina Valley Project through a mining licence which covers a total of 27.68 square kilometres (the “Rovina Licence”) that is currently being ratified through a formal government process. This licence secures the mineral tenure and allows the Company to begin the permitting process. The Rovina Valley Project is the Company’s sole exploration project in Eastern Europe and the main focus of its exploration efforts there since 2005. The property hosts three copper-gold porphyry systems or deposits: Rovina (the “Rovina Deposit”), Colnic (the “Colnic Deposit”) and Ciresata (the “Ciresata Deposit”). The Colnic Deposit is located approximately 2.5 km south of the Rovina Deposit and the Ciresata Deposit is approximately 4 km south of the Colnic Deposit.

The area covered by the Rovina Licence has good road access as well as proximity to nearby electric power and water supplies. The topography of the area is hilly with forest vegetation and an elevation of approximately 900 metres above sea-level.

A preliminary economic assessment for the Rovina Valley Project was completed in March 2010 (the “PEA”). In July 2011, a consortium of leading engineering groups and specialists, led by AGP Consultants Inc. (“AGP”) was selected to complete a pre-feasibility study for the project that included all three mineral deposits (Rovina, Colnic and Ciresata). The pre-feasibility study was put on hold in 2013, given the decline in commodity prices and the negative equity markets sentiment towards large capital projects. The Company initiated a bankable feasibility study and metallurgical testing contract in September 2017 for a smaller scale operation than was envisioned in the PEA competed in March 2010.

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

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

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

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

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

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

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

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

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

Through its wholly-owned operating subsidiary, SAMAX, the Company continues to maintain its proactive local stakeholder engagement program. The program includes local community hall public meetings, a public information centre and partnership programs with local NGO's and community leaders to implement community-based projects. The good relations with the community have allowed unhindered surface access for drilling in the Rovina Valley Project area which requires permission from landowners. In addition, the Company continues with its long lead time work activities for both the EIA and SIA ("Social Impact Assessment") documentation that will be required for the permitting of the project.

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

All exploration activities undertaken by the Company in Romania must occur on valid exploration licences or prospecting permits issued by NAMR in Bucharest, which is responsible for the administration of all mining and exploration licences and prospecting permits. According to the regulations and standard practices in Romania, the Company must submit reports of work completed and follow-up work programs on an annual basis to NAMR.

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

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

Since SAMAX is an exploration and evaluation stage company, the activities it conducts on its projects are largely restricted to drilling and ancillary activities associated with the drilling programs, such as access road and drill pad construction. As such, the reclamation costs in respect of drilling activities are not material to the Company and are factored into the Company's budgets for exploration programs. When the Company wishes to enter the production stage, it will need to prepare a feasibility study as well as extensive environmental impact assessments studies. These environmental impact assessments will provide the Company with a better idea of the future costs of compliance with applicable environmental requirements and will also provide a better estimate of the eventual costs of reclamation obligations at the end of the mine life.

Disposition of the Riacho dos Machados Project

The development of the Riacho dos Machados project ("RDM"), located in Brazil, was the Company's primary focus from late 2008 through to April 2016. 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 ("Brio") purchased from Macquarie Bank Limited ("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.

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 December 31, 2016, the Restructuring has been completed and all the assets, liabilities and obligations related to the RDM project have been disposed of. The loss from discontinued operations for the nine months ended September 30, 2016 of $230,531,490 includes the revenues and expenses of the RDM project up to the date of disposition of April 29, 2016, along with the gain on disposition of $230,628,958.

Third Quarter Highlights

Permitting

The Company received a mining licence from the Romanian National Agency for Mineral Resources ("NAMR") in May 2015, signifying an important transitional milestone from the exploration stage to the exploitation phase. This mining licence requires the signatures of the Minister of Economy, Minister of Environment, Minister of Justice and Minister of Finance, and will be sent to the Secretary General of Parliament and to the Prime Minister for final signatures before being published in the official government Gazette. On August 3, 2017, the Company reported that NAMR issued an official notice to the Company announcing that the ratification process related to the mining licence of its Rovina Valley Project has been initiated. NAMR completed their review and recommendations in the form of an explanatory memorandum following the successful public audience held at their offices on June 26, 2017 which will be forwarded to the required ministers for endorsement.

To co-ordinate public relations going forward, the Company announced on August 29, 2017 that it recruited Mr. Eugen Popitiu, former advisor to the President of NAMR since January 2016 as Manager of Public Relations. A passionate professional about both public and business sectors, he brings strong experience with business development, brand communication, sales strategy and leadership in the oil & gas and mineral resource industry.

On October 30, 2017, NAMR publicly issued documents related to the Rovina Valley Project, including the draft government approval and a substantiation note for the mining licence approval. Furthermore, following the recent implementation of improved transparency policies, NAMR will be publishing all documents related to the mining licence, including the Company's environmental reform plan, the technical report related to the environmental reclamation, as well as the social impact study and the social impact assistance plan. The new president of NAMR has expressed full support for the Project, and the signatory stage of the mining licence ratification is expected to begin following a designated 10-day commentary period. No further public audiences are to be held.

Advisory Board

On August 30, 2017, the Company reported that renowned commodities expert, Mr. Jim Rogers, has joined its advisory board. Jim Rogers is a respected author and speaker actively promoting commodity investments globally.

Bankable Feasibility Study & Metallurgical Testing Contract

On September 14, 2017, the Company reported that it awarded the Bankable Feasibility Study contract for its Rovina Valley Project to SRK Consulting (Canada) Inc. ("SRK") and Ausenco Engineering Canada Inc. ("Auscenco"). SRK has been selected to provide expertise in geology, mining and financial modelling, and will oversee the geochemical and geotechnical work, as well as metallurgical test programs. Auscenco will be responsible for completing the design engineering for the project.

On September 15, 2017, the Company reported that the feasibility level metallurgical testing contract for its Rovina Valley Project has been awarded to Eriez Floatation Division, USA ("Eriez"). SRK will oversee the metallurgical test program at Eriez as part of the Bankable Feasibility Study. The test work will follow on the previous metallurgical results released in April 2017. The metallurgical test work is to employ column flotation technology to investigate the optimal grade and recovery relationship for copper and gold within both the Colnic and Rovina geo-metallurgical domains. A copper concentrate grade of 18-20% is targeted for treatment of all ores. Coarse floatation using the Eriez HydroFloatTM will also be investigated in an effort to minimize the grinding requirements and maximize rejection of coarse clean tailings.

Investment in 2587357 Ontario Inc.

On September 26, 2017, the Company purchased 600,000 common shares of 2587357 Ontario Inc., a private company, at a price of CAD$1.00 per share for a total of CAD$600,000 ($483,420). On the date of acquisition and as at September 30, 2017, the Company held a 27% ownership interest in 2587357 Ontario Inc. On September 28, 2017, 2587357 Ontario Inc. acquired a 33% ownership interest in Vilhelmina Mineral AB ("Vilhelmina"), a private company located in Sweden, and Mr. Scott Moore, an officer and director of the Company, became a director of Vilhelmina.

Subsequent events

On October 6, 2017, the Company closed a non-brokered private placement financing of 6,144,291 common shares at a price of CAD$1.40 per share for gross proceeds of CAD$8,602,007.

On October 10, 2017, the Company closed a brokered private placement financing of 1,430,000 common shares at a price of CAD$1.40 per share for gross proceeds of CAD$2,002,000. In connection with the financing, the Company paid cash commissions and other expenses of CAD$140,650 and issued 71,500 compensation options. Each compensation option entitles the holder to purchase one common share of the Company at a price of CAD$1.43 for a period of one year from the date of issue.

Outlook

The Company's primary focus is to advance the permitting process (as described above) with the regulatory bodies for its Rovina Valley Project and commence a feasibility study. Concurrently, environmental base line work and social programs will also continue on the Rovina Valley Project.

Selected Quarterly Financial Information

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

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

For the quarters ended	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
	$	$	$	$
Net (loss) income 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 (loss) income per share from continuing operations*	(0.04)	(0.00)	(0.16)	0.03
Basic and diluted income (loss) per share from discontinued operations*	-	5.20	(0.00)	(0.76)

* 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 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, 2017

Selected financial information

	For the three months ended September 30, 2017	For the three months ended September 30, 2016	**For the nine months ended September 30, 2017**	For the nine months ended September 30, 2016
	$	$	**$**	$
(Loss) for the period	**(1,130,369)**	(2,213,522)	**(3,261,169)**	(8,632,517)
(Loss) per share	**(0.02)**	(0.04)	**(0.07)**	(0.20)
Expenses:				
General and administrative	**330,565**	221,525	**746,052**	1,617,130
Consulting and management expenses	**403,798**	527,342	**1,031,740**	5,338,946
Legal settlements	**9,368**	970,286	**160,890**	970,286
Depreciation and amortization	-	-	-	44,048
Impairment	-	-	-	70,013
Other (income) loss	**(342,075)**	82,613	**(624,951)**	(262,124)
	401,656	**1,801,766**	**1,313,731**	**7,778,299**
Exploration and evaluation expenditures:				
Consulting and labour	**367,867**	272,514	**1,043,674**	608,898
Stanija exploration	**51,959**	12,579	**71,929**	14,687
Metallurgical testing	**106,195**	-	**110,716**	-
Surface rights	**54,077**	-	**159,916**	-
Environmental studies	**18,938**	-	**140,189**	-
Field office and administration	**54,408**	65,807	**213,361**	169,777
Travel costs	**75,269**	60,856	**207,653**	60,856
	728,713	411,756	**1,947,438**	854,218
Income for the period from discontinued operations	-	-	-	230,531,490
Income per share from discontinued operations	-	-	-	5.21

Results of Operations for the three months ended September 30, 2017 ("Q3 2017")

The net loss for Q3 2017 was $1,130,369 compared to a net loss from continuing operations of $2,213,522 for Q3 2016. The basic and diluted loss per share from continuing operations was $0.02 in Q3 2017 compared to a loss per share of $0.04 in Q3 2016.

The Company incurred investor relations and advertising expenses, included in general and administrative expenses of $196,085 in Q3 2017 compared with $46,474 in Q3 2016. The Company had increased investor relations activities related to private placement financings which closed subsequent to September 30, 2017.

Consulting and management expense for the quarter was $403,798 compared to $527,342 in the comparative period. Q3 2016 consulting and management expense includes $211,635 in share based compensation, a non-cash cost, as a result of the grant of 275,265 options to a consultant of the Company.

Legal settlements of $9,368 during Q3 2017 and $970,286 during Q3 2016 relate to the amortization of the discount to net present value of amounts owed to former officers of the Company. See the Financial Commitments and Litigation section for details.

Other income in Q3 2017 includes a foreign exchange gain of $337,875 (Q3 2016 – loss of $93,883) and is mainly the result of the movement in the value of the Canadian dollar relative to the U.S. dollar.

The Company has almost doubled its exploration & evaluation expenditure during the quarter to $728,713 from $411,756 in the comparative period reflecting the renewed focus on the Rovina Valley Project. The majority of the exploration & evaluation expenditure was for project related consulting / labour and expenses related to Stanija exploration (mapping and surveying), surface rights acquisition, environmental studies and permitting efforts for its Rovina Valley Project.

Results of Operations for the nine months ended September 30, 2017 ("YTD 2017")

The net loss for YTD 2017 was $3,261,169 compared to a net loss from continuing operations of $8,632,517 for YTD 2016. The basic and diluted loss per share from continuing operations was $0.07 in YTD 2017 compared to a loss per share of $0.20 in YTD 2016.

The Company incurred professional fees, included in general and administrative expenses of $1,314,135 in YTD 2016. Most of the professional fees in the prior period were paid to a restructuring consultant and lawyers assisting with the process of disposing of MRDM which occurred in April 2016. Professional fees in YTD 2017 of $47,557 related to legal and audit fees incurred or accrued.

Consulting and management expense for the YTD 2017 was $1,031,740 compared to $5,338,946 in the comparative period. The YTD 2016 consulting and management expense includes $4,429,151 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. No options were granted in the YTD 2017.

Legal settlements of $160,890 during YTD 2017 and $970,286 in YTD 2016 relate to the amortization of the discount to net present value of amounts owed to former officers of the Company. See the Financial Commitments and Litigation section for details.

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 YTD 2016. The Company recorded $44,048 during YTD 2016 in depreciation and amortization on the related assets.

Other income in YTD 2017 includes a foreign exchange gain of $604,974 (YTD 2016 - $248,374) and is mainly the result of the movement in the value of the Canadian dollar relative to the U.S. dollar.

The Company has more than doubled its exploration & evaluation expenditure during the YTD 2017 to $1,947,438 from $854,218 in the comparative period reflecting the renewed focus on the Rovina Valley Project. The majority of the exploration & evaluation expenditure was for project related consulting / labour and expenses related to Stanija exploration (mapping and surveying) surface rights acquisition, environmental and permitting efforts for its Rovina Valley Project.

The net income from discontinued operation under MRDM for YTD 2016 was $230,531,490 or $5.21 per share resulting from the gain on disposition of $230,628,958. The Company completed the disposition of MRDM on April 29, 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 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, 2017, the Company had cash and cash equivalents of $690,079 ($5,511,102 – at December 31, 2016) and working capital of $560,608 ($4,852,364 as at December 31, 2016). 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 MRDM's 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$0.324 per Share for aggregate gross proceeds of $1,000,000 (CAD$1,253,600) on a private placement basis. The Company closed this private placement on May 2, 2016.

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 $7,630,675 (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 entitles 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.

On October 6, 2017, the Company closed a non-brokered private placement financing of 6,144,291 common shares at a price of CAD$1.40 per share for gross proceeds of CAD$8,602,007.

On October 10, 2017, the Company closed a brokered private placement financing of 1,430,000 common shares at a price of CAD$1.40 per share for gross proceeds of CAD$2,002,000. In connection with the financing, the Company paid cash commissions and other expenses of CAD$140,650 and issued 71,500 compensation options. Each compensation option entitles the holder to purchase one common share of the Company at a price of CAD$1.43 for a period of one year from the date of issue.

Operating Segments

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

Off-Balance Sheet Arrangements

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

Financial Commitments and Litigation

Lease (Canada)

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 by the Company to a third party through to March 31, 2018 at full recovery.

Lease (Romania)

On August 29, 2017, the Company entered into a lease agreement for office space in Bucharest, Romania. The monthly rent payable under the terms of the lease is 7,515 Euros ($8,878) plus applicable service charges. The rent payable is subject to an annual increase based on the percentage increase in the Euro Zone Monetary Union Index of Consumer Prices over the prior year assessed annually. Amounts unpaid when due are subject to interest of 0.2% per day from the due date until the date the payment is made. The lease is for fixed term of five years commencing February 2018. As at September 30, 2017, the Company had paid a deposit equivalent to six months rent and services charges of $72,890.

Lawsuits

During the year ended December 31, 2016, the Company settled three lawsuits with former officers of the Company for an aggregate of $1,321,963 (CAD$1,775,000). As at September 30, 2017, the Company owed $101,002 (CAD$126,050) payable in installments with the final installment due on March 1, 2018. The $101,002 discounted value of the outstanding settlement amounts has been accrued in the September 30, 2017 interim financial statements.

Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately $3.7 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.

Related Party Transactions

During the nine months ended September 30, 2017, the Company entered into the following transactions with related parties not disclosed elsewhere:

The Company paid or accrued $1,000,377 (Q3 2016 - $648,409) of management compensation relating to officers and directors of the Company. Included in this amount is $206,612 (Q3 2016 - $90,717) paid according to a contract for business and operational consulting services with Forbes & Manhattan Inc., a company which of Mr. Stan Bharti is the Executive Chairman and Mr. Matt Simpson is Chief Executive Officer both of whom are directors of the Company. The Company paid consulting fees of $37,062 (Q3 2016: $nil) to Iron Strike Inc., a company controlled by Mr. Matt Simpson. The Company paid fees of $114,784 (Q3 2016 - $170,094) to Gedwal Management Inc. a company controlled by Mr. Guy Charette, a director of the Company. In addition, officers and directors had nil (Q3 2016 – 3,720,951) options vest with a value of $nil (Q3 2016 - $3,541,559).

See highlights section "Investment in Associate".

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, 2016 filed on SEDAR.

Additional Information and Continuous Disclosure

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

Outstanding Share Data

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

a) 57,575,461 common shares outstanding;
b) 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) 71,500 compensation options outstanding with expiry dates of October 10, 2018 and exercise prices of CAD$1.43. If all the compensation options were exercised, 71,500 shares would be issued for proceeds of CAD$102,245.
d) 4,704,969 stock options outstanding with expiry dates ranging from June 13, 2021 to September 30, 2021 with exercise prices of CAD$1.36. If exercised, 4,704,969 shares would be issued for proceeds of CAD$6,398,758.

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.