



NOTICE OF 2023 ANNUAL GENERAL
MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

(TSX: ESM)
www.eurosunmining.com

EURO SUN MINING INC.

198 Davenport Road, Toronto, Ontario M5R 1J2

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “**Meeting**”) of shareholders of Euro Sun Mining Inc. (the “**Corporation**”) will be held at on June 13, 2023 at 10:00 a.m. (Toronto time) at 198 Davenport Road, Toronto, Ontario M5R 1J2 for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2022, together with the auditors’ report thereon;
2. to elect the directors of the Corporation;
3. to re-appoint McGovern Hurley LLP, Chartered Professional Accountants, as auditor of the Corporation until the close of the next annual general meeting of shareholders; and
4. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Shareholders and/or their appointees may participate in the Meeting by way of conference call however votes cannot be cast on the conference call. Please register at <https://us02web.zoom.us/meeting/register/tZcldeygrz4uE9yEa5nPOIQCsFla8cbB7xSG> to receive conference call details.

Notice-and-Access

Notice is also hereby given that the Corporation has decided to use the notice-and-access method of delivery (“**Notice-and-Access**”) of Meeting Materials (as defined below) for the Meeting. Notice-and- Access allows the Company to deliver the Meeting Materials over the internet in accordance with the Notice-and-Access rules adopted by the Ontario Securities Commission under National Instrument 54- 101-Communication with Beneficial Owners of Securities of a Reporting Issuer. Under the Notice-and-Access system, Shareholders still receive a proxy or voting instruction form (as applicable) enabling them to vote at the Meeting. However, instead of a paper copy of the Information Circular, the annual financial statements and related management’s discussion and analysis and other information (the “**Meeting Materials**”), Shareholders receive this notification with information on how they may access such materials electronically. The use of this alternative means of delivery is more environmentally friendly, as it will help reduce paper use and will also reduce the cost of printing and mailing materials to Shareholders. Shareholders are reminded to view the Meeting Materials prior to voting.

WEBSITES WHERE MEETING MATERIALS ARE POSTED

Materials can be viewed online under the Company’s profile at www.sedar.com or on the Company’s website at www.eurosunmining.com. The Company will not use procedures known as “stratification” in relation to the use of Notice-and-Access provisions. Stratification occurs when a reporting issuer using Notice-and-Access provides a paper copy of the Management Information Circular to some Shareholders with this notice package.

(ii)

HOW TO OBTAIN PAPER COPIES OF THE MEETING MATERIALS

Registered holders or beneficial owners may request paper copies of the Meeting Materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date the Meeting Materials are posted on the Company's website. In order to receive a paper copy of the Meeting Materials or if you have questions concerning Notice-and-Access, please call toll free at 1-866-600-5869. Requests should be received by June 4, 2023 in order to receive the Meeting Materials in advance of the meeting date.

You may vote your shares by proxy if you are unable to attend the meeting. Please review the enclosed Circular and date, sign and return the enclosed form of proxy to the Corporation's transfer agent by 10:00 a.m. EST on June 9, 2023.

The directors of the Corporation have fixed the close of business on May 3, 2023 as the record date, being the date for the determination of the registered holders entitled to notice and to vote at the Meeting and any adjournments(s) thereof.

DATED at Toronto, Ontario, this 5th day of May, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

"Grant Sboros" (signed)

Grant Sboros

Chief Executive Officer and Director

Notes:

1. A Management Information Circular, Form of Proxy and Financial Statement Request Form accompany this Notice of Meeting.
2. In accordance with the requirements of the *Canada Business Corporations Act*, the directors have fixed a record date of May 3, 2023. Accordingly, shareholders registered on the books of the Corporation as of May 3, 2023 are entitled to notice of the Meeting and to vote at the Meeting.
3. If you are a beneficial shareholder and receive these materials through your broker, intermediary, trustee or other nominee, please complete and return the materials in accordance with the instructions provided to you by your broker, intermediary, trustee or other nominee.

EURO SUN MINING INC.
MANAGEMENT INFORMATION CIRCULAR
SOLICITATION OF PROXIES

May 5, 2023

This Management Information Circular (this “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Euro Sun Mining Inc. (the “**Corporation**”) for use at the annual general meeting (the “**Meeting**”) of shareholders of the Corporation to be held at 198 Davenport Road, Toronto, Ontario M5R 1J2 on Tuesday, June 13, 2023 at 10:00 a.m. (Toronto time) for the purposes set forth in the attached Notice of Meeting (the “**Notice**”) and at any adjournment thereof.

Shareholders and/or their appointees may participate in the Meeting by way of conference call however votes cannot be cast on the conference call. Please register at <https://us02web.zoom.us/meeting/register/tZcldeygrz4uE9yEa5nPOIQCsFla8cbB7xSG> to receive conference call details. Electronic copies of the Meeting materials may be obtained at <https://eurosunmining.com/>.

Unless otherwise indicated, the information in this Circular is given as of May 5, 2023, and all dollar amounts are in Canadian dollars.

The Corporation’s registered office is located at 198 Davenport Road, Toronto, Ontario M5R 1J2.

VOTING INFORMATION

Shareholders may vote before the Meeting or vote at the Meeting, as described below.

1. Voting Before the Meeting

Appointment of Proxies

The persons named in the enclosed Form of Proxy are officers of the Corporation.

A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for or on behalf of the shareholder at the Meeting other than the persons designated in the enclosed Form of Proxy. Such right may be exercised by striking out the names of the persons designated in the Form of Proxy, or by preparing another proxy in proper form, and inserting in the blank space provided for that purpose the name of the desired person and delivering the executed proxy to TSX Trust Company, 100 Adelaide St W #301, Toronto, ON M5H 1S3, at any time prior to 10:00 a.m. (Toronto time) on June 9, 2023.

A shareholder forwarding the enclosed Form of Proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The common shares of the Corporation (the “**Common Shares**”) represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A shareholder who has given the enclosed Form of Proxy has the right under subsection 148(4) of the *Canada Business Corporations Act* (the “**CBCA**”) to revoke the proxy (i) by instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited at the registered office of the Corporation at any time prior to 4:30 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, or (ii) in any other manner permitted by law.

A Non-Registered Holder should follow the instructions included on the voting instruction form provided by his/her/its Intermediary (as defined below).

Non Registered Holders

Only Registered Shareholders, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a Non-Registered Holder are registered either:

- A. in the name of an intermediary (each, an “**Intermediary**” and collectively, the “**Intermediaries**”) that the Non Registered Holder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self administered registered savings plans, registered retirement income funds, registered education savings plans and similar plans; or
- B. in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

In accordance with the requirements of NI 54-101, the Corporation has distributed copies of the form of proxy and supplemental mailing card (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non Registered Holders unless a Non Registered Holder has waived the right to receive them. Intermediaries will generally use service companies (such as Broadridge Financial Solutions, Inc.) to forward the Meeting Materials to Non Registered Holders. Generally, a Non Registered Holder who has not waived the right to receive Meeting Materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non Registered Holders to direct the voting of the Common Shares they beneficially own. Non Registered Holders should follow the procedures set out below, in addition, if applicable, to the procedures set out below under “*Voting at the Meeting – Appointment of a Third Party as Proxy*”, depending on the type of form they receive:

- A. **Voting Instruction Form.** In most cases, a Non Registered Holder will receive, as part of the Meeting Materials, a voting instruction form. If the Non Registered Holder does not wish to attend and vote at the Meeting (or have another person attend and vote on the Non-Registered Holder’s behalf), but wishes to direct the voting of the Common Shares they beneficially own, the voting instruction form must be submitted by mail, or over the internet in accordance with the directions on the form. If a Non Registered Holder wishes to attend and vote at the Meeting (or have another person attend and vote on the Non Registered Holder’s behalf), the Non Registered Holder must appoint themselves in advance of the proxy cut-off date, complete the Request for Control Number form (<https://tsxtrust.com/resource/en/75>) and email this form to tsxtrustproxyvoting@tmx.com in order to receive a control number to vote online.

or

- B. **Form of Proxy.** Less frequently, a Non Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non Registered Holder but which is otherwise uncompleted. If the Non Registered Holder does not wish to attend and vote at the Meeting (or have another person attend and vote on the Non Registered Holder's behalf), but wishes to direct the voting of the Common Shares they beneficially own, the Non Registered Holder must complete the form of proxy and submit it to TSX Trust as described above. If a Non Registered Holder wishes to attend and vote at the Meeting (or have another person attend and vote on the Non-Registered Holder's behalf), the Non Registered Holder must strike out the persons named in the proxy and insert the Non Registered Holder's (or such other person's) name in the blank space provided.

In either case, Non Registered Holders should carefully follow the instructions of their Intermediaries, including those regarding when and where the proxy or the voting instruction form is to be delivered. In addition, if applicable, Non-Registered Holders should follow the procedures set out below under "*Voting at the Meeting – Appointment of a Third Party as Proxy*".

A Non Registered Holder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary in accordance with the instructions received from the Intermediary, except that an Intermediary may not act on a revocation of a voting instruction form or a waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary in sufficient time prior to the Meeting.

A Non Registered Holder may fall into two categories – those who object to their identity being made known to the issuers of the securities which they own ("**Objecting Beneficial Owners**") and those who do not object to their identity being made known to the issuers of the securities which they own ("**Non-Objecting Beneficial Owners**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their Non-Objecting Beneficial Owners from Intermediaries. Pursuant to NI 54-101, issuers may obtain and use the Non-Objecting Beneficial Owners list in connection with any matters relating to the affairs of the issuer, including the distribution of proxy-related materials directly to Non-Objecting Beneficial Owners. The Corporation is sending Meeting Materials directly to Non-Objecting Beneficial Owners; the Corporation uses and pays Intermediaries and agents to send the Meeting Materials. The Corporation also intends to pay for Intermediaries to deliver the Meeting Materials to Objecting Beneficial Owners.

These securityholder materials are being sent to both registered Shareholders and Non-Registered Holders. If you are a Non-Registered Holder, and the Corporation or its agent sent these materials directly to you, your name, address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instruction form as specified in the request for voting instructions that was sent to you.

Exercise of Discretion By Proxies

The persons named in the enclosed Form of Proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such Common Shares will be voted FOR each of the matters identified in the Notice and described in this Circular.**

The enclosed Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters that may properly come before the Meeting. As of the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice.

ADOPTION OF NOTICE AND ACCESS

In accordance with the notice and access rules adopted by the Ontario Securities Commission under NI 54-101, the Corporation has sent its proxy-related materials directly to registered holders and NOBOs using notice-and-access. Therefore, although Shareholders still receive a Form of Proxy or VIF in paper copy, this Circular, annual consolidated financial statements and related MD&A are not physically delivered. Instead, Shareholders may access these materials on the Corporation's website at www.eurosunmining.com or under the Corporation's profile page on SEDAR at www.sedar.com.

Registered Shareholders or Non-Registered Shareholders may request paper copies of the Meeting materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date the Meeting materials are posted on the Corporation's website. In order to receive a paper copy of the Meeting materials or if you have questions concerning Notice-and-Access, please call toll free at 1-866-600-5869. Requests for paper materials should be received by June 4, 2023 in order to receive the Meeting materials in advance of the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares. As of the date of this Circular, a total of 296,251,324 Common Shares and no preferred shares were issued and outstanding.

Each Common Share entitles the holder thereof to one vote at all meetings of shareholders of the Corporation.

Shareholders of record as of May 3, 2023 shall be entitled to either (i) attend in person and vote at the Meeting the Common Shares held by them or, (ii) attend by proxy and vote at the Meeting the Common Shares held by them, provided a completed and executed proxy shall have been delivered to the Corporation as specified above under the heading "Appointment, Revocation and Deposit of Proxies".

As of the date of this Circular, to the knowledge of the directors and senior officers of the Corporation, no one shareholder owns, directly or indirectly, more than 10% of the issued and outstanding Common Shares. As of the date of this Circular, the directors and officers of the Corporation own or control, directly or indirectly, in the aggregate, 5,212,650 Common Shares representing approximately 1.76% of the current issued and outstanding Common Shares.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements and Auditors' Report

The directors of the Corporation will present to the shareholders at the Meeting the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2022, together with the auditors' report thereon. No vote by the shareholders with respect to such financial statements is required or proposed to be taken.

2. Election of Directors

The Articles of Incorporation of the Corporation provide that the board of directors (the "**Board**") shall consist of not more than ten directors and not less than one director to be elected annually.

Unless otherwise specified, the persons named in the enclosed Form of Proxy will vote FOR the election of the nominees whose names are set forth below.

All of the nominees are current directors of the Corporation. All of the nominees are eligible to be directors and have expressed a willingness to act as such. Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director, but if this should occur for any reason prior to the Meeting, the persons named in the enclosed Form of Proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the close of the next annual meeting of shareholders of the Corporation following his or her election, unless his or her office is earlier vacated in accordance with the by-laws of the Corporation.

The following sets out the name of each person proposed to be nominated for election as a director, his or her present principal occupation or employment, the date on which he or she was first elected or appointed a director of the Corporation and the approximate number of Common Shares beneficially owned, directly or indirectly, or over which he or she exercises control or direction as at the date of this Circular. Shareholders will be asked to vote for each nominated director on an individual basis.

Director	History
Grant Sboros Greece Director since: January 2023 Age: 40 Independent: No	Grant Sboros is the Chief Executive Officer of the Company. He previously worked as the Chief Financial Officer of Katanga Mining Limited from 2017 to 2019. From 2013 to 2017 he was DCFO of Mopani Copper Mines PLC. From 2007 until 2013 Grant was Head of Auditing as a Deloitte partner in Mozambique. He is a Chartered Accountant and holds a Honors degree in Accounting Science from the University of South Africa. Mr. Sboros has extensive mining experience in Africa in both operations and finance.
Securities Held⁽¹⁾	
Common Shares	1,610,000
Outstanding Options	Nil
Deferred Share Units	4,250,000
Restricted Share Units	2,100,000
Warrants	200,000
Other Public Company Board Membership	
None.	

Director	History
Neil Said Toronto, Ontario Director since: December 1, 2022 Age: 43 Independent: Yes	Neil Said is a businessman and corporate securities lawyer who has worked as an officer and legal consultant to numerous Canadian-listed companies in the technology, cannabis, mining, oil & gas and healthcare industries. Mr. Said began his career as a securities lawyer at Osler, Hoskin & Harcourt LLP, where he worked on a variety of corporate and commercial transactions. Mr. Said obtained a Juris Doctor from the Faculty of Law at the University of Toronto and he received a Bachelor of Business Administration with a minor in Economics from Wilfrid Laurier University.
Securities Held⁽¹⁾	
Common Shares	Nil
Outstanding Options	1,700,000
Deferred Share Units	Nil
Restricted Share Units	Nil
Warrants	Nil
Other Public Company Board Membership	
O2Gold Inc.	

Director	History
Deborah Battiston Fort Erie, Ontario Director since: N/A Age: 64 Independent: Yes	Deborah Battiston is a Chartered Professional Account and an ICD.D (“Institute of Corporate Director’s Director”) obtained from the University of Toronto’s Rotman School of Management. Ms. Battiston also holds a BA in Economics from the University of Guelph. She has over 35 years of financial management experience, 24 of which are in the public company sector. Ms. Battiston has broad experience in the mining sector, having been CFO and director of multiple mining companies in various stages of exploration, development, and production. Her experience includes mergers and acquisitions, divestitures, US and Canadian IPO’s, tax, and financing.
Securities Held⁽¹⁾	
Common Shares	Nil
Outstanding Options	850,000
Deferred Share Units	Nil
Restricted Share Units	Nil
Warrants	Nil
Other Public Company Board Membership	
McFarlane Lake Mining Limited	
Savanna Capital Corp.	

Director	History
Scott Moore Toronto, Ontario Director since: August 4, 2016 Age: 58 Independent: No	Mr. Moore is the Corporation’s former Chief Executive Officer. Mr. Moore is a business executive with over 25 years of experience in the resource and durable goods sectors. He is the former President and CEO of Dacha Strategic Metals, and Executive Vice President of Sulliden Mining Capital Inc. Mr. Moore holds a Bachelor of Arts degree from the University of Toronto and an MBA from the Kellogg School of Management.
Securities Held⁽¹⁾	
Common Shares	3,602,650
Outstanding Options	3,400,000
Deferred Share Units	Nil
Restricted Share Units	Nil
Warrants	Nil
Other Public Company Board Membership	
None	

Directors	History
Martin Schuermann Germany Director since: N/A Age: 57 Independent: Yes	Mr. Schuermann has been a serial entrepreneur throughout different industries and has been involved in the clean energy sector since 2009, becoming the CEO of Vision Motor Corp and Vision Industries where they were focused on developing zero emission transportation solutions, using hydrogen as the dominant energy storage medium. Vision was the first company in the world to put hydrogen powered class 8 trucks through regular duty cycles in the ports of Los Angeles and Long Beach. Mr. Schuermann holds a BA from Westfaelische Wilhelms Universitaet Muenster (Germany) and a MBA from Azusa Pacific University and UCLA (Los Angeles).
Securities Held⁽¹⁾	
Common Shares	Nil
Outstanding Options	850,000
Deferred Share Units	Nil
Restricted Share Units	Nil
Warrants	Nil
Other Public Company Board Membership	

Aberdeen International Inc.

Notes:

- (1) The information as to the number of Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective proposed directors individually.
- (2) Independent refers to the standards of independence established under National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators (“NI 52-110”). Board Meetings

The attendance record of each director for all board and committee meetings held during the fiscal year ended December 31, 2022, while the relevant director was on the Board or committee, is as follows:

Name	Board Meetings	Audit Committee Meetings	Corporate Governance and Nominating Committee Meetings	Human Resources and Compensation Committee Meetings
Scott Moore	8 of 8	n/a	n/a	n/a
Eva Bellissimo ⁽¹⁾	8 of 8	n/a	2 of 2	1 of 1
Danny Callow ⁽²⁾	6 of 8	n/a	n/a	4 of 4
David Danziger ⁽²⁾	7 of 8	4 of 4	n/a	4 of 4
Bruce Humphrey ⁽²⁾	8 of 8	n/a	2 of 2	n/a
Paul Perrow ⁽²⁾	7 of 8	4 of 4	2 of 2	n/a
Peter Vukanovich ⁽¹⁾	8 of 8	4 of 4	n/a	n/a
Neil Said ⁽³⁾	0 of 0	n/a	n/a	n/a
Grant Sboros ⁽³⁾	0 of 0	n/a	n/a	n/a

- (1) Eva Bellissimo and Peter Vukanovich resigned as members of the board of directors on November 30, 2022.
- (2) Danny Callow, Bruce Humphrey, David Danziger and Paul Perrow did not stand for re-election at the special meeting of shareholders held on January 31, 2023
- (3) Neil Said and Grant Sboros were appointed as directors on November 30, 2022.

(i) Committees of the Board

The Audit Committee of the Board is currently composed of three directors, being Ms. Deborah Battiston (Chair), Mr. Said and Mr. Schuermann

The Corporate Governance and Nominating Committee of the Board is currently composed of three directors, being Mr. Said (Chair), Mr. Schuermann and Ms. Battiston.

The Human Resources and Compensation Committee of the Board is currently composed of three directors, being Mr. Schuermann (Chair), Ms. Battiston and Mr. Said.

(ii) Majority Voting Policy

The Board has adopted a majority voting policy, pursuant which stipulates that if a nominee for election as a director of the Corporation receives a greater number of votes “withheld” than votes “for”, with respect to an election of directors by shareholders, such nominee director will be expected to offer to tender his or her resignation promptly following the meeting of shareholders at which such director is standing for election. The Board will consider such offer to resign and make a decision whether to accept it or not after having taken into account all of the relevant circumstances concerning same. A director who offers to resign in such a situation should not be part of any committee or Board deliberations pertaining to the resignation offer. This policy only applies in circumstances involving uncontested elections of directors. An “uncontested election of directors” means that the number of director nominees is the same as the number of directors to be elected to the Board and that no proxy material is circulated in support of one or more nominees who are not part of the candidates supported by the Board.

(iii) Advance Notice By-Law

Section 35(A) of the Corporation’s By-law No. 1 (the “**Advance Notice By-Law**”), which sets out advance notice requirements for director nominations, was confirmed by the Corporation’s shareholders at the annual and special meeting held on August 4, 2016. The Advance Notice By-Law sets forth a procedure requiring advance notice to the Corporation by any shareholder who intends to nominate any person for election as a director of the Corporation. Among other things, the Advance Notice By-Law fixes a deadline by which shareholders must notify the Corporation of their intention to nominate directors and sets out the information that shareholders must provide in the notice for it to be valid. These requirements are intended to provide all shareholders with the opportunity to evaluate and review all proposed nominees and vote in an informed and timely manner regarding said nominees. The procedures provided for by Section 35(A) do not interfere with the ability of shareholders to requisition a meeting or to nominate directors for election by way of a shareholder proposal in accordance with the CBCA. The Advance Notice By-Law is available on SEDAR at www.sedar.com. As of the date of this Circular, the Corporation has not received any notice of a shareholder’s intention to nominate directors at the Meeting pursuant to the Advance Notice By-Law.

(iv) Additional Disclosure Relating to Proposed Directors

Other than as disclosed below, none of the proposed directors are, as at the date of this Circular, or have been, within the 10 years prior to the date of this Circular, a director or executive officer, of any company that, while that person was acting in such capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than;
 - a. Mr. Schuermann was the Chief Executive Officer of Vision Industries from January 2009 to December 2014. On September 25, 2014, Vision Industries announced that it had filed for voluntary Chapter 11 bankruptcy protection, which was converted to a Chapter 7 proceeding on December 2014.

None of the proposed directors have, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

None of the proposed directors have been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

3. Appointment of Auditors

Shareholders of the Corporation will be asked at the Meeting to re-appoint McGovern Hurley LLP, Chartered Professional Accountants, as the Corporation's auditors to hold office until the close of the next annual meeting of shareholders of the Corporation or until their successors are appointed. McGovern Hurley LLP, Chartered Professional Accountants, have been the auditors of the Corporation since June 21, 2016.

The following table sets out the audit and audit-related fees billed by the Corporation's auditors for the years ended December 31, 2022 and 2021.

Service	2022	2021
Audit Fees	82,950	61,950
Audit-Related Fees	Nil	25,500
Tax Fees	6,300	5,000
Other Fees	Nil	Nil
Total:	89,250	92,450

Unless otherwise specified, the persons named in the enclosed Form of Proxy will vote FOR the said appointment of McGovern Hurley LLP as auditors of the Corporation and FOR authorizing the directors of the Corporation to fix the remuneration of the auditors for the ensuing year.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Human Resources and Compensation Committee

The compensation program of the Corporation is administered by the Board with the assistance of the Human Resources and Compensation Committee. Based on recommendations from the Human Resources and Compensation Committee, the Board makes decisions in respect of compensation matters relating to senior executives and directors of the Corporation, ensuring consistent application in accordance with industry standards.

The responsibilities of the Human Resources and Compensation Committee include assisting the Board with: (a) establishing key human resources and compensation policies; (b) establishing goals relevant to the performance and incentive compensation of the Chief Executive Officer (the “CEO”); (c) evaluating the performance and related incentive compensation entitlement of the CEO; (d) reviewing and evaluating of the performance of senior management as determined by the CEO and related incentive compensation recommendations; and (e) evaluating and setting of compensation for directors.

Specifically, in carrying out these duties, the Human Resources and Compensation Committee:

- reviews and recommends for approval by the Board the compensation philosophy and structure, including short and long-term incentive plans, for the CEO and the other senior officers of the Corporation and to oversee the implementation and administration of compensation policies and programs concerning executive compensation, executive employment contracts, incentive plans, retirement plans and other benefits;
- reviews and recommends for approval by the Board the annual salary/fees, short and long-term incentive awards and other benefits, direct and indirect, including targets tied to corporate goals and personal objectives, for the CEO and the other senior officers (after considering the recommendations of the CEO);
- reviews and recommends for approval by the Board all equity-based grants;
- develops and maintains a position description for the CEO and assesses the performance of the CEO against such position description, corporate goals and objectives and, if applicable, the CEO’s individual goals and objectives;
- identifies any risks arising from the Corporation’s compensation policies and practices that could be reasonably likely to have a material adverse effect on the Corporation;
- ensures that the Corporation has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of senior officers;

- reviews recommendations concerning material changes or amendments to compensation policies and programs;
- reviews the adequacy and form of the compensation of directors and to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly;
- reviews the executive compensation disclosure in continuous disclosure filings; and
- monitors compensation trends and issues generally and particularly as they relate to the industry in which the Corporation operates.

The Human Resources and Compensation Committee consists of Mr. Schuermann (Chair), Ms. Battiston and Mr. Said, all of which are considered independent within the meaning of NI 52-110.

The significant industry experience of each of the members of the Human Resources and Compensation Committee as directors of other publicly-traded companies, provides them with a suitable perspective to make decisions on the appropriateness of the Corporation's compensation policies and practices and to advise and make recommendations to the other members of the Board.

Objectives of Executive Compensation

The Corporation's executive compensation seeks to align executive compensation with the annual and longer term business objectives of the Corporation taking into consideration the multi-stage transformation being undertaken by the Corporation as it evolves from event based to process based management. The executive compensation program is designed to achieve the following objectives:

- establish executive compensation on an individual basis in order to attract and retain within the Corporation qualified and experienced individuals;
- ensure that compensation is fair and competitive and that it be established, when deemed reasonable and effective to do so, with reference to the market for similar positions in other comparable mining and exploration companies;
- motivate performance with pay at risk linked to the Corporation's successes;
- align management's interests with those of shareholders;
- be contemporary in pay design, employee benefits and perquisites; and
- effectively communicate goals and calculation methodologies so that they are understood by both executives and shareholders.

Executive Compensation-Related Fees

In 2020, the Corporation engaged Human Well (the "**Compensation Consultant**") to review the Corporation's compensation practices against a comparator group of 15 companies of similar stage of development, size and complexity identified by the Compensation Consultant and agreed by the Corporation. Those benchmark companies included NorZinc Ltd, Moneta

Porcupine Mines Inc., INV Metals Inc., Dynacor Gold Mines Inc., Anaconda Mining, Erdene Resource Development Corporation, Copper Mountain Mining Corporation, O3 Mining, Troilus Gold Corp., Josemaria Resources Inc., Western Copper and Gold Corporation, Gold X Mining Corp., Bluestone Resources Inc., Belo Sun Mining Corp. and Sierra Metals Inc. In 2021, an additional scope of work was added reviewing change of control and termination benefits for senior executives against the same comparator group of 15 companies.

The Human Resources and Compensation Committee completed a detailed review of the recommendations of the Compensation Consultant as well as the benchmark data compiled by the Compensation Consultant for their report. The report was then used to develop the basis of the Human Resources and Compensation Committee's recommendations to the board for executive compensation for the financial year ended 2020 and 2021. The Corporation did not engage a compensation consultant for the financial year ended 2022.

The table below sets out the aggregate fees billed by compensation advisors for their services related to determining compensation for the Corporation's directors and executive officers for each of the two most recently completed financial years:

Financial Year	Fees Billed
2022	Nil.
2021	\$32,650

Note:

(1) Represents the fees incurred by the Corporation to engage the Compensation Consultant to review the Corporation's compensation practices and prepare a pay incentive policy.

Elements of Executive Compensation

The following elements of compensation are employed to reward the Corporation's senior executive officers:

Element	Purpose
<u>Base Salaries/Fees</u>	<p>Base salaries/fees form an essential component of the Corporation's compensation strategy as a key to the Corporation remaining competitive, are annually reviewed and fixed and therefore not subject to uncertainty, and can be used as the base to determine other elements of compensation and benefits. In determining the base salaries/fees of executive officers, the Human Resources and Compensation Committee and the Board consider the following:</p> <ul style="list-style-type: none"> ▪ the recommendations of the CEO (other than in respect of the CEO's compensation); ▪ the base salaries of comparator companies; ▪ the particular responsibilities related to the position; ▪ the experience, expertise and level of the executive officer; and ▪ the executive officer's overall performance based on informal feedback. <p>The emphasis placed on any of these factors is at the discretion of the Board and may vary among the executive officers.</p>

Element	Purpose
<p><u>Short-Term Incentives</u></p>	<p>The purpose of the Corporation's short term incentive program is to provide executives with the opportunity to receive a cash incentive that is broadly related to the progress of the Corporation and individual performance.</p> <p>The Human Resources and Compensation Committee, in making recommendations to the Board in respect of bonus awards, considers the achievement of the above listed milestones. No specific weight was assigned to any criteria individually, rather, the performance of the executive is broadly considered as a whole when determining the level of bonuses, if any, to be paid.</p>
<p><u>Long-Term Incentives</u></p>	<p>Long-term incentives are designed to reward long-term executive performance, the retention of qualified executives and to align executive incentives directly with those of shareholders by retaining a proprietary interest in the equity of the Corporation while at the same time not drawing on the cash resources of the Corporation.</p> <p>The Corporation also bases its long-term incentive awards on a review of each executives performance against the key performance indicators developed by the Corporation and listed above under "<i>Short Term Incentives</i>". There are no specific weights assigned to any criteria individually. The performance of the Corporation is also broadly considered as a whole when determining long-term incentive awards.</p> <p>The Corporation may in the future grant, subject to the approval of shareholders at the Meeting and the Board at the time of the grant, long-term incentive awards to the executives.</p> <p>Stock Options</p> <p>The Human Resources and Compensation Committee reviews Option grant recommendations made by the CEO with regard to each executive's individual performance in contributing to the strategic objectives of the Corporation and demand in the market for the skills of that executive.</p> <p>The Human Resources and Compensation Committee makes its recommendations for approval of grants to the Board along with recommendations on an Option award for the executives and Board members.</p> <p>Restricted Share Units</p> <p>Each RSU represents a right to acquire, subject to the fulfillment of any conditions and upon the vesting thereof, a Common Shares or cash equal to the value of a Common Shares on the vesting date with the election to be made at the sole option of the Corporation. The Human Resources and Compensation Committee will review RSU grant recommendations made by the CEO with regard to each executive's individual performance in contributing to the strategic objectives of the Corporation and demand in the market for the skills of that executive.</p> <p>The Human Resources and Compensation Committee will make its recommendation for approvals of grants to the Board along with recommendations on an RSU award for the executives and Board</p>

Element	Purpose
	<p>members.</p> <p>Deferred Share Units</p> <p>DSUs directly track the value of Common Shares and strengthen the alignment of interests between executives and the Corporation's shareholders by linking a portion of compensation to the future value of Common Shares. DSUs are granted at the market value of Common Shares.</p> <p>DSU awards are used to enable executives to defer a portion of their short-term incentive, effectively converting this to a long-term incentive aligned with stock performance. DSUs are also expected to become a component of director compensation.</p> <p>DSUs are paid out in Common Shares at the time the executive ceases to be eligible to participate in the DSU program, usually at the time of departure from the Corporation.</p>
<u>Benefits and Perquisites</u>	<p>Benefits and perquisites provide protection for the executive and his/her family or provide access to amenities that enable the executive to be more effective. Generally, such arrangements leverage the Corporation's ability to purchase services at a discounted rate over those that would be available to an individual.</p>

Chief Executive Officer Compensation

The components of the CEO's compensation are the same as those that apply to the other executive officers of the Corporation, namely base salary/fee, bonus and long-term incentives. The Human Resources and Compensation Committee reviews and ensures that the compensation of the CEO complies with the principles underlying the Corporation's overall compensation philosophy. The Human Resources and Compensation Committee:

- periodically reviews the CEO's compensation and recommends any changes to the Board for approval;
- reviews corporate goals and objectives relevant to the compensation of the CEO and recommends them to the Board for approval;
- reviews the CEO's compensation against that of his or her peers at comparator companies; and
- reviews and, if appropriate, recommends to the Board for approval any agreements between the Corporation and the CEO, including protections in the event of a change of control or other special circumstances, as appropriate.

Compensation Risks

In reviewing the Corporation's compensation practices each year, the Human Resources and Compensation Committee seeks to ensure that (i) the executive compensation program provides an appropriate balance of risk and reward consistent with the risk profile of the

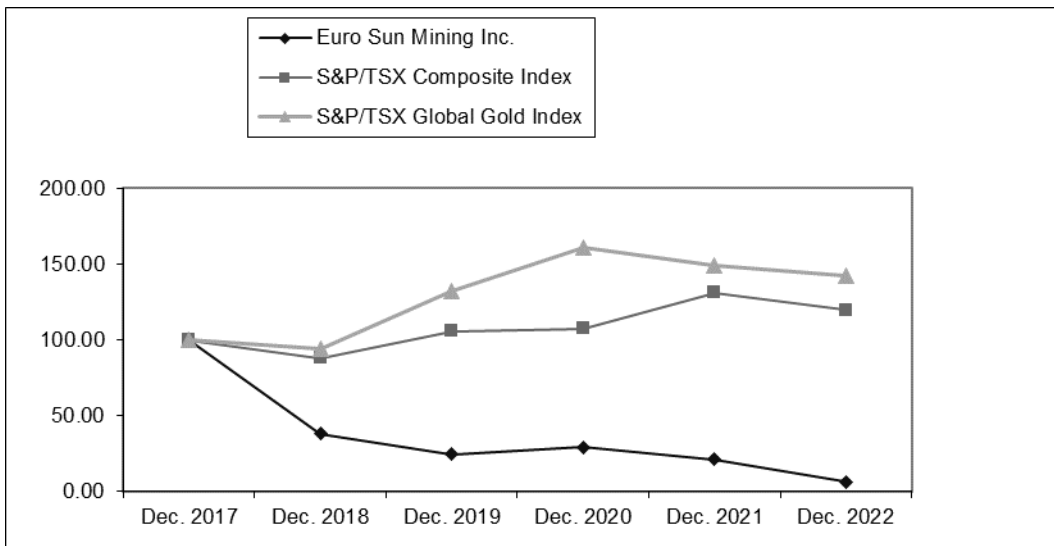
Corporation; and (ii) compensation practices do not encourage excessive risk-taking behaviour by the executive team. The Corporation's long-term incentives are designed to focus on the Corporation's long-term performance which should discourage executives from taking excessive risks in order to achieve short-term, unsustainable performance.

Insider Trading and Financial Instruments

All of the Corporation's executives, other employees and Directors are subject to an insider trading policy, which prohibits trading in the Corporation's securities while in possession of material undisclosed information about the Corporation.

Performance Graph

The following graph compares the total cumulative shareholder return for \$100 invested in the Corporation's Common Shares on December 31, 2017 against the cumulative shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years.



The share price performance trend illustrated within this chart does not necessarily reflect the trend in the Corporation's compensation to executive officers over the same time period. The share price valuation of gold producers, as well as exploration and development companies, fluctuates with changes in the underlying commodity prices, and at no time during the period was compensation intended to reflect share price performance driven by externalities. Alignment with shareholders is nonetheless achieved by awarding a meaningful portion of compensation in the form of long-term equity-based incentives.

During this time period, executive compensation did not directly tie to Shareholder value as depicted by the performance graph above as a result of decisions made by the Board to consider the high quality contributions by each executive in achieving various milestones including; a preliminary economic assessment; ratification of the mining licence and a definitive feasibility study. In addition, executive compensation during this period is reflective of the dedication and loyalty of the executives to persevere despite challenging dynamics and the compensation levels required to attract the calibre of people with the relevant expertise to build a gold/copper mine in Romania.

Summary Compensation Table

Securities legislation requires disclosure of the compensation paid to a corporation's "Named Executive Officers" being the CEO and the Chief Financial Officer ("CFO") and each of the three most highly compensated "Executive Officers", other than the CEO and CFO, whose total compensation was individually more than \$150,000 for the financial year. The Corporation had five Named Executive Officers during the financial year ended December 31, 2022.

The following table provides information regarding the compensation of the Named Executive Officers of the Corporation for the financial years ended December 31, 2020, 2021 and 2022.

In respect of the Option-based awards disclosed below, the total value represents all Options granted during a year. The fair value of the Options was computed based on the total number Options granted during a year, whether vested or not, using the Black-Scholes option pricing model.

In respect of the share-based awards disclosed below, the total value represents all DSUs issued during the year. The fair value of the DSUs was computed based on the total number of DSUs issued during the year, whether vested or not, using the closing price of the Common Shares at December 31, 2022.

Name and Principal Position	Year	Salary/Fees (\$)	Share-based awards ⁽³⁾ (\$)	Option-based awards ⁽⁴⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans ⁽⁵⁾ (\$)	Long-term incentive plans (\$)			
Grant Sboros ⁽¹⁾ CEO	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ryan Ptolemy ⁽²⁾ CFO	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
G. Scott Moore ⁽¹⁾ Former CEO	2022	522,500	Nil	Nil	Nil	Nil	Nil	Nil	522,500
	2021	500,000	17,231	Nil	Nil	Nil	Nil	Nil	517,231
	2020	430,000	92,000	532,953	250,000	Nil	Nil	Nil	1,304,953
Paul Bozoki ⁽²⁾ Former CFO	2022	156,750	Nil	Nil	Nil	Nil	Nil	Nil	156,750
	2021	108,000	Nil	Nil	Nil	Nil	Nil	Nil	108,000
	2020	108,000	Nil	88,826	100,000	Nil	Nil	Nil	296,826

Name and Principal Position	Year	Salary/Fees (\$)	Share-based awards ⁽³⁾ (\$)	Option-based awards ⁽⁴⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans ⁽⁵⁾ (\$)	Long-term incentive plans (\$)			
Samuel Rasmussen Former COO	2022	546,714	Nil	Nil	Nil	Nil	Nil	Nil	546,714
	2021	490,608	Nil	Nil	Nil	Nil	Nil	Nil	490,608
	2020	465,777	Nil	247,035	Nil	Nil	Nil	Nil	712,812
Randall K. Ruff Former Executive Vice President - Exploration	2022	174,996	Nil	Nil	Nil	Nil	Nil	Nil	174,996
	2021	238,485	Nil	Nil	Nil	Nil	Nil	Nil	238,485
	2020	232,600	Nil	Nil	Nil	Nil	Nil	Nil	232,600
Bradley Humphrey Former Vice President Corporate Development	2022	164,208	Nil	Nil	Nil	Nil	Nil	Nil	164,208
	2021	180,000	Nil	Nil	Nil	Nil	Nil	Nil	180,000
	2020	180,000	6,000	53,295	Nil	Nil	Nil	Nil	239,295

Notes:

- (1) Mr. Sboros became the Corporation's CEO as of November 11, 2022 following Mr. Moore's resignation. See also "*Termination of Employment, Change in Responsibilities and Employment Contracts*".
- (2) Mr. Ptolemy became the Corporation's CFO as of December 16, 2022 following Mr. Bozoki's resignation. See also "*Termination of Employment, Change in Responsibilities and Employment Contracts*".
- (3) The value ascribed to the vested share based awards has been calculated using the number of DSUs multiplied by the closing price of the Common Shares on the last trading date of the financial year.
- (4) The value ascribed to Option grants represents non-cash consideration and has been estimated using the Black-Sholes Model as at the date of grant under the following weighted average assumptions: [expected dividend yield – 0%, expected volatility – 79% , risk-free interest rate -- 1.5%; and an expected life - 5 years].
- (5) Represents bonus amounts, payable in cash.

Incentive Plan Awards

The following table outlines the Burn Rate (as defined below) for the past three fiscal years.

	2022	2021	2020
Burn Rate ⁽¹⁾	Nil	Nil	4.1%

Note:

- (1) The Burn Rate is calculated using the TSX prescribed methodology, which is the total number of Options granted under the arrangement during the applicable fiscal year, divided by the weighted average number of Common Shares outstanding for the fiscal year ("**Burn Rate**").

Outstanding Option-Based Awards and Share-Based Awards

The following table provides information regarding the Option-based and share-based incentive plan awards for each Named Executive Officer outstanding as at December 31, 2022:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options ⁽¹⁾	Number of shares or units of shares that have not yet vested (#)	Market or payout value of share-based awards that have not yet vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ⁽²⁾ (\$)
Grant Sboros	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ryan Ptolemy ⁽³⁾ ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
G. Scott Moore	400,000 3,000,000	0.28 0.39	Oct 15, 2024 June 30, 2024	Nil	Nil	Nil	Nil
Paul Bozoki ⁽³⁾	65,000 100,000 500,000	0.73 0.28 0.39	Apr 5, 2024 Oct 15, 2024 June 30, 2025	Nil	Nil	Nil	Nil
Samuel Rasmussen	1,000,000 300,000	0.30 0.39	Jan 6, 2025 June 30, 2025	Nil	Nil	Nil	Nil
Bradley Humphrey	300,000	0.39	June 30, 2025	Nil	Nil	Nil	Nil

Notes:

- (1) Value of in-the-money Options at December 31, 2022, if any, is the difference between the exercise price of the Options and \$0.075, being the closing price of Common Shares on December 31, 2022 which was the last trading day of the financial year.
- (2) In the form of DSUs outstanding, the value of which has been calculated on the grant date. Payment on the DSUs is deferred until the time the individual ceases to be eligible to participate in the Share Incentive Plan, usually at the time of departure from the Corporation. See also "*Long-Term Incentives*" for details of the Share Incentive Plan. Mr. Ptolemy was granted 1,000,000 stock options on February 17, 2023 with an exercise price of \$0.05 and expiring on February 17, 2028 and 700,000 stock options on April 11, 2023 with an exercise price of \$0.06 and expiring on April 11, 2028.
- (3) Mr. Bozoki resigned as Chief Financial Officer of the Corporation on December 16, 2022 and was replaced by Mr. Ptolemy.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value of incentive plan awards granted to the Named Executive Officers that have vested or were earned during the financial year ended December 31, 2022:

Name	Value of Option-based awards vested during 2022 ⁽¹⁾ (\$)	Value of share-based awards vested during 2022 (\$)	Value of non-equity incentive plan compensation earned during 2022
Grant Sboros	Nil	Nil	Nil
Ryan Ptolemy	Nil	Nil	Nil
G.Scott Moore	Nil	17,231	Nil
Paul Bozoki	Nil	Nil	Nil
Samuel Rasmussen	Nil	Nil	Nil
Randall K. Ruff	Nil	Nil	Nil
Bradley Humphrey	Nil	Nil	Nil

Notes:

- (1) The value ascribed to Option grants represents non-cash consideration and has been estimated using the Black-Sholes Model as at the date of grant.

Pension Plan Benefits

The Corporation has no pension plan in place.

Termination of Employment, Change in Responsibilities and Consulting Contracts

Grant Sboros

Grigan entered into a consulting agreement with the Corporation as of January 1, 2023 (the “**Sboros Agreement**”) for the services of Mr. Sboros as CEO of the Corporation. Mr. Sboros receives a base monthly fee of US\$25,000, plus applicable goods and services tax. Mr. Sboros’ base fee is reviewed on an annual basis, and he may be entitled to bonuses, Options and benefits and the discretion of the Board.

The Sboros Agreement provides for a severance payment equal to 12 months of base fees to be paid within 90 days of termination in the event the Corporation terminates the Sboros Agreement without cause. The Sboros Agreement may be terminated at any time by the Corporation for just cause without notice or payment in lieu thereof and without payment of any fees. Just cause is defined to include, but is not limited to: dishonesty or fraud; theft; breach of fiduciary duties; being guilty of bribery or attempted bribery; or gross mismanagement.

In the event that there is a change in control of the Corporation, either Mr. Sboros or the Corporation shall have one year from the date of such change in control to elect to have Mr. Sboros’ appointment terminated. In the event that such an election is made, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Sboros that is equivalent to 36 months of base fees plus an amount that is equivalent to all cash bonuses paid to Mr. Sboros in the 36 months’ prior to the change in control. Therefore, Mr. Sboros would be entitled to US\$900,000 upon a change of control. Following a change in control, all Options

granted to Mr. Sboros shall vest immediately. Similarly, following a change in control, all Common Shares issuable to Mr. Sboros under any share compensation plan, but not yet issued, shall be issued immediately.

Ryan Ptolemy

1809276 Ontario Inc. entered into a consulting agreement with the Corporation as of January 1, 2023 (the “**Ptolemy Agreement**”) for the services of Mr. Ptolemy as CFO of the Corporation. Mr. Ptolemy receives a base monthly fee of \$9,000, plus applicable goods and services tax. Mr. Ptolemy’s base fee is reviewed on an annual basis, and he may be entitled to bonuses, Options and benefits and the discretion of the Board.

The Ptolemy Agreement provides for a severance payment equal to 12 months of base fees to be paid within 90 days of termination in the event the Corporation terminates the Ptolemy Agreement without cause. The Ptolemy Agreement may be terminated at any time by the Corporation for just cause without notice or payment in lieu thereof and without payment of any fees. Just cause is defined to include, but is not limited to: dishonesty or fraud; theft; breach of fiduciary duties; being guilty of bribery or attempted bribery; or gross mismanagement.

In the event that there is a change in control of the Corporation, either Mr. Ptolemy or the Corporation shall have one year from the date of such change in control to elect to have Mr. Ptolemy’s appointment terminated. In the event that such an election is made, the Corporation shall, within 30 days of such election, make a lump sum termination payment to Mr. Ptolemy that is equivalent to 36 months of base fees plus an amount that is equivalent to all cash bonuses paid to Mr. Ptolemy in the 36 months’ prior to the change in control. Therefore, Mr. Ptolemy would be entitled to C\$324,000 upon a change of control. Following a change in control, all Options granted to Mr. Ptolemy shall vest immediately. Similarly, following a change in control, all Common Shares issuable to Mr. Ptolemy under any share compensation plan, but not yet issued, shall be issued immediately.

Definition of Change of Control

For the Sboros Agreement and Ptolemy, “change of control” is defined as any one or more of the following events:

- (1) the acquisition by any person (person being defined as an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the Canada Business Corporations Act) of: (1) shares or rights or options to acquire shares of the Company or securities which are convertible into shares of the Company or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the Company; (2) shares or rights or options to acquire shares, or their equivalent, of any material subsidiary of the Company or securities which are convertible into shares of the material subsidiary or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the material subsidiary; or (3) more than 50% of the material assets of the Company, including the acquisition of more than 50% of the material assets of any material subsidiary of the Company.

Summary of Termination Payments

Name and Position	Termination Without Cause (\$) ⁽¹⁾	Termination With Cause (\$) ⁽¹⁾	Change of Control (\$) ⁽¹⁾
Grant Sboros, Chief Executive Officer	US\$300,000	-	US\$900,000
Ryan Ptolemy, Chief Financial Officer	\$108,000	-	\$324,000

Director CompensationDirector Compensation Table

The following table provides information regarding compensation earned by the Corporation's directors (other than the Named Executive Officers who are not compensated in their capacity as a director) during the financial year ended December 31, 2022:

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Neil Said	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Eva Bellissimo	36,667	45,833	Nil	Nil	N/A	Nil	82,500
Daniel Callow	40,000	50,000	Nil	Nil	N/A	Nil	90,000
David C. Danziger	45,000	50,000	Nil	Nil	N/A	Nil	95,000
Bruce Humphrey	30,000	50,000	Nil	Nil	N/A	Nil	80,000
Paul J. Perrow	30,000	50,000	Nil	Nil	N/A	Nil	80,000
Peter Vukanovich	55,000	45,833	Nil	Nil	N/A	Nil	100,833

Notes:

- (1) The value ascribed to option grants represents non-cash consideration and has been estimated using the Black-Sholes Model as at the date of grant.

Outstanding Incentive Plan Awards for Directors

The following table provides information regarding the option-based and share-based incentive plan awards for each director (who is not also a Named Executive Officer) outstanding as of December 31, 2022:

Name	Option-Based Rewards				Share-Based Awards		
	Number of Securities underlying unexercised options ⁽¹⁾ (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options ⁽²⁾	Number of shares or units of shares that have not yet vested (#)	Market or payout value of share-based awards that have not yet vested	Market or payout value of vested share-based awards not paid out or distributed ⁽³⁾
Neil Said	175,000	0.28	Oct 15, 2024	Nil	Nil	Nil	Nil
Eva Bellissimo	200,000 100,000	0.73 0.28	Apr 5, 2024 Oct 15, 2024	Nil	Nil	Nil	Nil
Daniel Callow	300,000	0.28	Oct 15, 2024	Nil	Nil	Nil	Nil
David C. Danziger	354,376 50,000 100,000	1.36 0.73 0.28	June 13, 2021 Apr 5, 2024 Oct 15, 2024	Nil	Nil	Nil	Nil
Bruce Humphrey	300,000	0.325	Nov 7, 2024	Nil	Nil	Nil	Nil
Paul J. Perrow	300,000	0.39	June 30, 2025	Nil	Nil	Nil	Nil
Peter Vukanovich	300,000	0.39	June 30, 2025	Nil	Nil	Nil	Nil

Notes:

- (1) Represents the total number of Options granted.
- (2) Value of in-the-money Options at December 31, 2022, if any, is the difference between the exercise price of the Options and \$0.075, being the closing price of Common Shares on December 31, 2022 which was the last trading day of the financial year.
- (3) In the form of DSUs outstanding, the market value of which has been calculated on the grant date. Payment on the DSUs is deferred until the time the individual ceases to be eligible to participate in the Share Incentive Plan, usually at the time of departure from the Corporation. See "Long-Term Incentives" for details of the Share Incentive Plan.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value of incentive awards granted to the Corporation's directors (who are not also a Named Executive Officer) that have vested or were earned during the financial year ended December 31, 2022:

Name	Value of option-based awards vested during 2022 ⁽⁵⁾ (\$)	Value of share-based awards vested during 2022 (\$)	Value of non-equity incentive plan compensation earned during 2022 (\$)
Neil Said	Nil	Nil	Nil
Eva Bellissimo	Nil	45,833	Nil

Name	Value of option-based awards vested during 2022 ⁽⁵⁾ (\$)	Value of share-based awards vested during 2022 (\$)	Value of non-equity incentive plan compensation earned during 2022 (\$)
Daniel Callow	Nil	50,000	Nil
David C. Danziger	Nil	50,000	Nil
Bruce Humphrey	Nil	50,000	Nil
Paul J. Perrow	Nil	50,000	Nil
Peter Vukanovich	Nil	45,833	Nil

Notes:

- (1) The value ascribed to Option grants represents non-cash consideration and has been estimated using the Black-Sholes Model as at the date of grant.

EQUITY COMPENSATION PLANS

Share Incentive Plan

The share incentive plan (the “**Share Incentive Plan**”) provides eligible participants with compensation opportunities that encourage ownership of Common Shares, enhance the ability to attract, retain and motivate the executive officers and other key management and incentivize them to increase the long term growth and equity value of the Corporation in alignment with the interests of Shareholders. The Share Incentive Plan allows the Board or the Human Resources and Compensation Committee to grant long-term incentives to Directors, officers, employees, eligible contractors and others consistent with the provisions of the Share Incentive Plan.

Awards granted under the Share Incentive Plan may consist of stock options (“**Options**”), restricted share units (“**RSUs**”), deferred share units (“**DSUs**”) and performance share units (“**PSUs**”). Each award is subject to the terms and conditions set forth in the Share Incentive Plan and to those other terms and conditions specified by the Board or the Human Resources and Compensation Committee.

On April 26, 2021, the Board adopted the Share Incentive Plan, which was subsequently approved by shareholders of the Company on June 21, 2021. The following is a summary of the principal terms of the Share Incentive Plan, which is qualified in its entirety by the provisions of the plan:

Shares Subject to the Share Incentive Plan

Up to 10% of the Common Shares issued and outstanding from time to time (including shares issued under any other security based compensation arrangement of the Corporation) may be issued pursuant to awards under the Share Incentive Plan, being 296,251,324 Common Shares, as of the date of this Circular. As there are currently 13,480,000 Options, 2,494,736 RSUs, and 11,095,255 DSUs outstanding (being 9.1% of the issued and outstanding Common Shares), 2,555,141 Common Shares remain eligible for issuance under the Share Incentive Plan (being 0.8 % of the issued and outstanding Common Shares).

The maximum number of Common Shares that: (i) are issuable to insiders (as defined in the Company Manual of The Toronto Stock Exchange (the “**TSX**”), including such staff notices of the TSX which may supplement the same); and (ii) may be issued to insiders within a one-year period, in each case, pursuant to awards under the Share Incentive Plan and any other share-based compensation arrangement the Corporation adopts is 10% of the Common Shares outstanding from time to time. The number of shares subject to each award, the exercise price, the expiry time, the extent to which such award is exercisable and other terms and conditions relating to such awards will be determined by the Board or the Human Resources and Compensation Committee. No participant will be granted awards in any single calendar year with respect to more than 3% of the issued and outstanding Common Shares.

An annual grant of awards (excluding any one-time grant such as those made in the fiscal year of the Director’s initial service) issued to any Director who is a non-employee director under the Share Incentive Plan and any other share-based compensation arrangement adopted by the Corporation will not exceed an aggregate grant value of \$150,000 in total equity, of which no more than \$100,000 may be issued in the form of Options.

If, and to the extent, awards granted under the plan: (i) are exercised; or (ii) terminate, expire, cancel or are forfeited, Common Shares subject to such awards will again be available for grant under the Share Incentive Plan. In addition, if and to the extent an award is settled for cash, the Common Shares subject to the award will again be available for grant under the plan.

In the event of any recapitalization, reorganization, arrangement, amalgamation, stock split or consolidation, stock dividend or other similar event or transaction, substitutions or adjustments will be made by the Board or the Human Resources and Compensation Committee to: (i) the aggregate number, class and/or issuer of the securities reserved for issuance under the Share Incentive Plan; (ii) the number, class and/or issuer of securities subject to outstanding awards; and (iii) the exercise price of outstanding Options (A) in a manner that reflects equitably the effects of such event or transaction and (B) is subject to the TSX’s consent for so long as the Common Shares or any of the securities of the Corporation are listed on the TSX.

Awards under the Share Incentive Plan are non-assignable and non-transferable although they are assignable to and may be exercisable by a participant’s legal heirs or personal representatives in certain cases.

Amendments

The Board may amend the Share Incentive Plan or the terms of any award agreement, provided that (1) no such amendment, modification, change, suspension or termination of the Share Incentive Plan or any Share Incentive Plan award may materially impair any rights of a participant or materially increase any obligations of a participant under the Plan without the consent of the participant, unless the Board determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements, and (2) shareholder approval is required to: (i) reduce the exercise price or purchase price of awards under the Share Incentive Plan; (ii) extend the term under an award; (iii) permit awards to be transferable or assignable by participants, other than by will or by the laws of descent and distribution (iv) remove or increase the insider participation limits; (v) increase the maximum number of securities issuable, either as a fixed number or a fixed percentage of the outstanding capital represented by such securities; (vi) increase the limits on the total annual grant of awards permitted to be issued to any one independent director; and (vii) amend an amending provision within the Share Incentive Plan.

The Board or the Human Resources and Compensation Committee may, without shareholder approval, amend the Share Incentive Plan with respect to (i) amendments of a “housekeeping nature”; (ii) changes to the vesting or exercise provisions of the Share Incentive Plan or any award; (iii) changes to the provisions of the Share Incentive Plan relating to the expiration of awards prior to their respective expiration dates upon the occurrence of certain specified events; or (iv) the cancellation of an award.

Termination of Service

Unless provided otherwise in the award agreement, if a participant’s service with the Corporation or any of the Corporation’s affiliates terminates due to resignation, the right to exercise any Option that is exercisable at the time of resignation, or in the case of a DSU, RSU or PSU that is unvested at the time of such resignation, will terminate on the date that is 90 days following the earlier of (i) the date of resignation; and (ii) the award’s original expiration date. Unless provided otherwise in the award agreement, if a participant’s service with the Corporation or any of the Corporation’s affiliates terminates due to death or total disability, (A) the right to exercise an Option will terminate on the earlier of one year following such termination and the award’s original expiration date, provided that all Options that will not vest within 12 months following the date of such participant’s death shall immediately and automatically terminate, and (B) any DSUs, RSUs or PSUs will vest on the date of such death or total disability and will settle in accordance with the Share Incentive Plan, subject to with respect to PSUs, the Board shall determine the extent of satisfaction of the performance criteria in determining the number of PSUs that shall be eligible for vesting and exercise. If a participant’s relationship with the Corporation or any of the Corporation’s affiliates terminates for cause, any award (whether vested or unvested) not already exercised will automatically expire and terminate as of the date of such termination. Unless provided otherwise in the award agreement, if a participant’s relationship with the Corporation or any of the Corporation’s affiliates terminates due to termination without cause or retirement, any unvested awards will be prorated to the date of termination.

Change of Control

In the event of a change of control of the Corporation, and unless otherwise provided in an award agreement or a written employment contract between the Corporation and a participant, the Board may provide that: (i) the successor corporation or entity will assume each award or replace it with a substitute award on terms substantially similar to the existing award; (ii) the awards will be surrendered for a cash payment made by the successor corporation or entity equal to the fair market value thereof; or (iii) any combination of the foregoing will occur, provided that the replacement of any Option with a substitute Option shall, at all times, comply with the provisions of subsection 7(1.4) of the *Income Tax Act* (Canada).

If in connection with or within 12 months following a change of control, and unless otherwise provided in an award agreement or a written employment contract between the Corporation and a participant, a participant’s service, consulting relationship, or employment with the Corporation, an affiliate or the continuing entity is terminated without cause, or the participant resigns from his or her employment as a result of certain events set forth in the Share Incentive Plan, then all awards then held by such participant (and, if applicable, the time during which such awards may be exercised) will immediately vest. In the event that an award is subject to vesting upon the attainment of performance criteria, then the number of Options, DSUs, RSUs or PSUs that shall immediately vest will be determined by multiplying the number of awards subject to such vesting criteria by the pro rata performance criteria achieved by the termination date.

Options

The exercise price of any Option granted under the Share Incentive Plan will be the closing price of the Common Shares on the TSX on the trading day immediately preceding the date on which the Option is granted. The Board or the Human Resources and Compensation Committee will be entitled to determine the Option term for each Option; provided, however, that the exercise period of any Option may not exceed ten years from the date of grant. Vesting for each Option is also determined by the Board or the Human Resources and Compensation Committee.

RSUs

Each RSU represents the right to receive from the Corporation, after fulfilment of any applicable conditions specified by the Board or the Human Resources and Compensation Committee, a payment from the Corporation (i) if settlement is made in cash, in an amount equal to the fair market value (determined at the time of distribution) of one Common Share per each RSU being settled and (ii) if settlement is being made in Common Shares, on the basis of one Common Share per each RSU being settled. Prior to settlement, an RSU will carry no voting or dividend rights or other rights associated with share ownership. Unless otherwise specified in the award agreement, an RSU award may be settled in Common Shares, cash or in any combination of both; however, a determination to settle an RSU in whole or in part in cash may be made by the Board or the Human Resources and Compensation Committee, in its sole discretion. The Board or the Human Resources and Compensation Committee is also entitled to determine the vesting and any conditions for RSUs, provided that a RSU granted under the Share Incentive Plan must be settled on or before December 15th of the third calendar year following the calendar year in which the RSU is granted.

DSUs

Each DSU provides for the right to receive from the Corporation, on a deferred payment basis, a Common Share or the cash equivalent of a Common Share in an amount equal to the fair market value (determined at the applicable date) on the terms contained in the Share Incentive Plan. The amount will not be paid out until the earlier of the death, retirement, or loss of office or employment of the recipient with the Corporation or any of its affiliates, thereby providing an ongoing equity stake throughout the recipient's period of service. Unless otherwise specified in the award agreement, a DSU award may be settled in Common Shares, cash, or in any combination of both, however, a determination to settle a DSU in whole or in part in cash may be made by the Board or the Human Resources and Compensation Committee, in its sole discretion.

PSUs

Each PSU represents a right to receive from the Corporation, after fulfillment of any applicable conditions specified by the Board or the Human Resources and Compensation Committee (including achievement of certain performance criteria), a payment from the Corporation (i) if settlement is made in cash, in an amount equal to the fair market value (at the time of the distribution) of one Common Share per each PSU being settled multiplied by the payout factor, and (ii) if settlement is made in Common Shares, on the basis of one Common Share per each PSU being settled multiplied by the payout factor. Prior to settlement, a PSU will carry no voting or dividend rights or other rights associated with share ownership. Unless otherwise specified in the award agreement, a PSU award may be settled in Common Shares, cash, or in any combination of both, however, a determination to settle a PSU in whole or in part in cash may be made by the Board or the Human Resources and Compensation Committee, in its sole

discretion. The Board or the Human Resources and Compensation Committee will also be entitled to determine the performance period, vesting and any performance criteria for PSUs.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information with respect to compensation plans under which equity securities of the Corporation are authorized for issuance as of the date hereof:

Plan Category	Securities to be issued upon Exercise of Outstanding Equity Compensation Plans (#)	Weighted-average Exercise Price of Outstanding Options (\$/Security)	Securities remaining available for future issuance under Equity Compensation Plans (#)
Plans approved by security holders	27,069,991	\$0.17	2,555,141
Plans not approved by security holders	Nil	--	Nil
Total	27,069,991	\$0.17	2,555,141

AUDIT COMMITTEE

For information regarding the Audit Committee, in compliance with the disclosure requirements of National Instrument 52-110 – *Audit Committees*, refer to the section entitled “Audit Committee” in the Corporation’s Annual Information Form dated as of March 28, 2023, which is available on SEDAR at www.sedar.com

CORPORATE GOVERNANCE DISCLOSURE

The Corporate Governance Disclosure policy of the Corporation is attached to this Circular as Appendix “A”.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of the Corporation or associate of any director or officer of the Corporation is, or at any time since the beginning of the most recently completed financial year of the Corporation, has been indebted to the Corporation or any of its subsidiaries.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

Effective April 29, 2023 the Corporation has renewed its directors’ and officers’ liability insurance in the aggregate amount of \$5,000,000 for a term of one year. The premium for this insurance policy for the period of April 29, 2023 to April 29, 2024 is \$20,890 plus applicable taxes.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person of the Corporation, as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators, or any associate or affiliate of any informed person, has any material interest in any transaction completed since the commencement of the Corporation’s last financial year or in any proposed transaction which has materially affected or will materially affect the Corporation or its subsidiaries.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, no proposed nominee of management of the Corporation for election as a director of the Corporation and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com under the Corporation's issuer profile. Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis, which are available on SEDAR at www.sedar.com under the Corporation's issuer profile or from the Corporation by telephone at 416 861 2262 or by e-mail at kenny.choi@fmresources.ca. This information is also available on the Corporation's web site at www.eurosunmining.com.

OTHER MATTERS

The Board is not aware of any other matters to come before the Meeting other than the matters referred to in this Circular.

DIRECTORS' APPROVAL

The contents and the sending of this Circular to the shareholders of the Corporation have been approved by the Board.

DATED at Toronto, Ontario, this 5th day of May, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

"Grant Sboros" (signed)

Grant Sboros
Chief Executive Officer and Director

APPENDIX “A”

EURO SUN MINING INC.

CORPORATE GOVERNANCE DISCLOSURE

1. Board of Directors

The board of directors (the “**Board**”) of Euro Sun Mining Inc. (the “**Corporation**”) facilitates its exercise of independent supervision over management by endeavouring to ensure it is composed of a majority of directors who are considered to be “independent”, as such term is defined in National Instrument 52-110 – *Audit Committees*. The Board, at present, is composed of five directors, three of whom are considered to be independent (being Ms. Battiston, Mr. Said and Mr. Schuermann). Mr. Sboros, as the current CEO of the Corporation, and Mr. Moore, as the former CEO of the Corporation, is not considered independent. In determining whether a director is independent, the Board considers, for example, whether that director has a relationship, which could, or could be perceived to interfere with that director’s ability to objectively assess the performance of management.

The independent members of the Board hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

Board Responsibilities

The Board is responsible for the stewardship of the Corporation through the appropriate supervision of the business and management of the Corporation and is committed to adhering to the highest standards in its corporate practices. This mandate is accomplished directly and through the Audit Committee, the Human Resources and Compensation Committee, and the Corporate Governance and Nominating Committee. The Board believes that governance guidelines will continue to evolve to address all applicable regulatory and stock exchange requirements relating to corporate governance and will be modified and updated as circumstances warrant.

The key responsibilities of the Board and its committees are discharged in the following manner:

- The assignment to committees of directors of the Corporation the general responsibility for developing the Corporation’s approach to: (i) financial reporting and internal controls; (ii) issues relating to compensation of directors, officers and employees; and (iii) corporate governance issues and matters relating to nomination of directors;
- The formation of committees of the Board when it is deemed appropriate by the Board to deal with specific issues that arise;
- With the assistance of the Corporate Governance and Nominating Committee:
 - Developing the Corporation’s approach to corporate governance, including developing a set of corporate governance principles and guidelines specific to the Corporation;
 - Reviewing the composition of the Board and ensuring it meets its independence criteria;

- To the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other senior officers and that such officers create a culture of integrity throughout the Corporation;
 - Assessing at least annually, the effectiveness of the Board and the committees of the Board, including, considering the appropriate size of the Board;
 - Approving disclosure and securities compliance policies, including communications policies of the Corporation; and
 - Reviewing and approving the formal charters of the committees of the Board;
- With the assistance of the Audit Committee:
 - Ensuring the integrity of the Corporation's internal controls and management information systems;
 - Ensuring the Corporation's ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Corporation's own governing documents;
 - Identifying the principal risks of the Corporation's business and ensuring that appropriate systems are in place to manage these risks, including, without limitation, implementing currency and metals hedging programs, as deemed appropriate;
 - Reviewing and approving significant operational and financial matters and providing direction to management on these matters;
 - Approving annual and interim financial statements of the Corporation together with the annual management's discussion and analysis, unless such approval is specifically delegated to the Audit Committee of the Board; and
 - As required and agreed upon, providing assistance to shareholders concerning the integrity of the Corporation's reported financial performance;
 - With the assistance of the Human Resources and Compensation Committee, establishing appropriate performance criteria for the senior management of the Corporation, and approving the compensation of the senior management and the directors;
 - With the assistance of the Chief Executive Officer ("**CEO**"), monitoring and reviewing feedback provided by the Corporation's shareholders;
 - Succession planning including selecting, appointing, training, monitoring, evaluating and, if necessary, replacing senior management to ensure management succession;
 - Reviewing and approving corporate objectives and goals applicable to the Corporation's senior management and monitoring realization of those objectives;
 - Reviewing with senior management:

- Major corporate decisions which require approval of the Board and approving such decisions as they arise;
 - Major capital expenditure decisions in excess of thresholds previously authorized in a budget or by resolution of the Board; and
 - Material decisions relating to senior personnel, major property acquisitions or divestments, major investments, and other decisions, where deemed appropriate; and
- Performing such other functions as prescribed by law or assigned to the Board in the Corporation's constating documents and by-laws.

The Board meets a minimum of four times a year and more frequently if required. The Audit Committee meets a minimum of four times a year.

Position Description for the Chair of the Board

The Chair of the Board shall be an independent director who is designated by the Board to act as the leader of the Board. His or her role will be to take all reasonable measures to ensure the Board fulfills its oversight responsibilities. They are responsible for the management and the effective performance of the Board, and provides leadership and direction to the Board.

The Chair will be selected amongst the directors of the Corporation who have a sufficient level of experience with corporate governance issues to ensure the leadership and effectiveness of the Board. The Chairman will be selected annually at the first meeting of the Board following the annual meeting of shareholders.

In addition to the responsibilities applicable to all directors of the Corporation, the responsibilities of the Chairman of the Board include the following:

- (a) Presiding at all meetings of the Corporation's shareholders and of the Board;
- (b) Preparing the agenda for each meeting of the Board;
- (c) Assisting the Board, Board Committees and the individual directors in effectively understanding and discharging their respective duties and responsibilities;
- (d) Ensuring that the directors receive the information required for the proper performance of their duties, including information relevant to each meeting of the Board;
- (e) Chairing Board meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded;
- (f) Ensuring there is an effective relationship between the Board and senior management of the Corporation;
- (g) Overseeing all aspects of the Board and Board Committee functions to ensure compliance with the Corporation's corporate governance practices;

- (h) Ensuring independent directors regularly discuss among themselves, without the presence of management, the Corporation's affairs;
- (i) Working with the Chief Executive Officer to ensure that the Board is provided with the resources to permit it to carry out its responsibilities and bringing to the attention of the Chief Executive Officer any issues that are preventing the Board from being able to carry out its responsibilities; and;
- (j) Working with the Corporate Governance and Nominating Committee in connection with the recruitment of new directors where necessary, approaching potential candidates once such candidates are identified and exploring their interest in joining the Board; and
- (k) Carrying out other responsibilities at the request of the Board.

Position Description for the Chief Executive Officer

The CEO's primary role is to manage the Corporation in an effective, efficient and forward-looking way and to fulfil the priorities, goals and objectives determined by the Board of the Corporation in the context of the Corporation's strategic plans, budgets and responsibilities set out below, with a view to increasing shareholder value. The CEO is responsible to the Board.

Without limitation to the foregoing, the CEO is responsible for the following:

- Maintaining and developing the Corporation's goal of enhancing shareholder value by being a successful and profitable exploration, development and mining company;
- Maintaining and developing with the Board strategic plans for the Corporation and successfully implementing such plans;
- Providing quality leadership to the Corporation's staff and ensuring that the Corporation's human resources are managed properly;
- Providing high-level policy options, orientations and discussions for consideration by the Board;
- Maintaining existing and developing new strategic alliances and considering possible merger or acquisition transactions with other mining companies which will be constructive for the Corporation's business and will help enhance shareholder value;
- Providing support, co-ordination and guidance to various responsible officers and managers of the Corporation;
- Ensuring communications between the Corporation and major stakeholders, including and most importantly, the Corporation's shareholders, are managed in an optimum way and are done in accordance with applicable securities laws;
- Providing timely strategic, operational and reporting information to the Board and implementing its decisions in accordance with good governance, with the Corporation's policies and procedures, and within budget;
- Acting as an entrepreneur and innovator within the strategic goals of the Corporation;

- Co-ordinating the preparation of an annual business plan;
- Ensuring appropriate governance skills development and resources are made available to the Board; and
- Complying at all times with laws and the Corporation's Codes of Business Conduct and Ethics and ensuring to provide a culture of high ethics throughout the organization.

2. **Directorships**

As of the date of this Circular, the following members of the Board and/or nominees thereto are also directors of other reporting issuers, as indicated beside their names:

Director	Other Reporting Issuers
Grant Sboros	None
Neil Said	O2Gold Inc.
Deborah Battiston	McFarlane Lake Mining Limited Savanna Capital Corp.
Martin Schuermann	Aberdeen International Inc.
Scott Moore	None

3. **Orientation and Continuing Education**

While the Corporation has not yet developed it is in the process of developing an official orientation or training program for new directors, it is expected that orientation and continuing education activities will be tailored to the particular needs and experience of each director and the overall needs of the Board and will encompass interviews with other directors and the Corporate Governance and Nominating Committee and management during which new members would be briefed on the Corporation and its activities including the role of the Board, its committees and its directors and the nature and operations of the Corporation's business.

The Corporation encourages directors to participate in seminars and/or courses that will enhance their role as a director to the Corporation.

4. **Ethical Business**

The Board's mandate includes satisfying itself as to the integrity of the Corporation's executive officers and endeavours to reflect, in all of the Corporation's dealings, a culture of integrity and ethical business conduct.

The Board strives to promote integrity and at all times encourages directors to exercise independent judgement in considering transactions or agreements in respect of which a director or officer has a material interest and all such transactions or agreements must be approved by the Board.

The Board has adopted a Code of Business Conduct and Ethics (the “**Code**”) that addresses issues, such as conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, fair dealing with shareholders, partners, suppliers, competitors and employees, compliance with laws, rules and regulations and reporting of any illegal or unethical behaviour, as well as monitoring compliance with such a code. The purposes of the Code are to:

- promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or submits to, the securities regulators and in other public communications made by the Corporation;
- promote compliance with applicable governmental laws, rules and regulations;
- promote the prompt internal reporting to an appropriate person of violations of the Code;
- promote accountability for adherence to the Code;
- provide guidance to employees, officers and directors to help them recognize and deal with ethical issues; and
- foster the development of a culture of honesty and accountability within the Corporation.

Violations of this Code by an employee, officer or director are grounds for disciplinary action up to and including, but without limitation, immediate termination of employment or request for resignation of a directorship.

The Board takes steps to ensure that directors, officers and employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or employee of the Corporation has a material interest, which include ensuring that directors, officers and employees are thoroughly familiar with the Code and the rules concerning reporting conflicts of interest.

A copy of the Code is available on the website of the Corporation at www.eurosunmining.com.

5. Whistleblower Policy

The Corporation has adopted a Whistleblower Policy that allows its directors, officers, consultants and employees who feel that a violation of the Code has occurred, or who has concerns regarding financial statement disclosure issues, accounting, internal accounting controls or auditing matters, to report such violations or concerns on a confidential and anonymous basis. Reporting of a violation or concern is made to the Chair of the Corporation’s Audit Committee who then investigates each matter so reported and takes corrective or disciplinary action, if appropriate.

6. Anti-Corruption Policy

The Corporation has adopted an Anti-Corruption Policy that outlines the requirements that must be fulfilled by all employees, consultants, officers and directors of the Corporation, as well as any third-parties working for or on behalf of the Corporation. These requirements include the prohibition of bribing government officials and making facilitation payments. This policy also provides the Corporation's employees, consultants, officers and directors with further clarity regarding books and records transparency, as well as the conditions with respect to gift giving to government officials, political and charitable contributions, third-party oversight and due diligence, internal controls and management's responsibility to promote and create awareness of the policy.

7. Nomination of Directors

The responsibility for proposing new nominees to the Board and for assessing directors on an ongoing basis is assumed by the Corporate Governance and Nominating Committee, which committee is comprised entirely of independent directors. The Corporate Governance and Nominating Committee is responsible for developing, assessing and improving a set of corporate governance principles applicable to the Corporation and for identifying and recommending individuals to the Board for nomination as members of the Board. The Corporate Governance and Nominating Committee is responsible for reviewing with the Board, on a periodic basis, the requisite skills and characteristics of prospective Board members as well as the composition of the Board as a whole. The Corporate Governance and Nominating Committee and the Board also consider a candidate's experience and qualifications in areas including, but not limited to, mining, financial reporting, capital markets, human resources, compensation, risk assessment, executive management, legal and corporate governance, and public company stewardship as well as diversity considerations in accordance with the Corporation's Diversity Policy. The Board seeks members who have skills and experiences in these areas and will amend the composition of the Board from time to time as considered necessary.

8. Term Limits

The Board has not adopted term limits for the Directors on the Board or other mechanisms of Board renewal. Instead, the Corporate Governance and Nominating Committee has the mandate and responsibility to ensure that a process is in place for the periodic review of the performance of individual Directors, the Board as a whole and the Board committees.

9. Human Resources and Compensation Committee

The Human Resources and Compensation Committee for the Corporation has been established and presently consists of three members of the Board, being Mr. Schuermann (chair), Ms. Battiston and Mr. Said, all of whom are independent. The Human Resources and Compensation Committee's purpose is to fulfill its oversight responsibilities with respect to each of the (i) key compensation and human resources strategies, programs and policies for all of the Corporation's employees and (ii) performance management, compensation, succession and development for senior officers, including the Chief Executive Officer.

The mandate of the Human Resources and Compensation Committee is:

- review and recommend for approval by the Board the compensation philosophy and structure, including short- and long-term incentive plans, for the CEO and the other senior officers of the Corporation and to oversee the implementation and administration of compensation policies and programs concerning executive compensation, executive employment contracts, incentive plans, retirement plans and other benefits;
- review and recommend for approval by the Board the annual salary/fees, short and long-term incentive awards and other benefits, direct and indirect, including targets tied to corporate goals and personal objectives, for the CEO and the other senior officers (after considering the recommendations of the CEO);
- review and recommend for approval by the Board all equity-based grants;
- develop and maintain a position description for the CEO and to assess the performance of the CEO against such position description, the corporate goals and objectives and, if applicable, the CEO's individual goals and objectives;
- identify any risks arising from the Corporation's compensation policies and practices that could be reasonably likely to have a material adverse effect on the Company;
- ensure that the Corporation has in place programs to attract and develop management of the highest caliber and a process to provide for the orderly succession of senior officers;
- review recommendations concerning material changes or amendments to compensation policies and programs;
- review the adequacy and form of the compensation of directors and to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly;
- review the executive compensation disclosure in continuous disclosure filings; and
- monitor compensation trends and issues generally and particularly as they relate to the industry in which the Corporation operates.

10. Board Performance Assessment

The Corporate Governance and Nominating Committee takes responsibility for monitoring and assessing Board effectiveness and Board committees, including reviewing the Board's decision-making processes and the quality of information provided by management, and among other things:

- Overseeing strategic planning;
- Monitoring the performance of the Corporation's assets;
- Evaluating the principal risks and opportunities associated with the Corporation's business and overseeing the implementation of appropriate systems to manage these risks;
- Approving specific acquisitions and divestitures;

- Evaluating senior management; and
- Overseeing the Corporation's internal control and management information systems.

11. Diversity and Inclusion

On May 12, 2022, the Board adopted an amended Anti-Discrimination, Diversity and Inclusion Policy (the "**Diversity Policy**") which was revised to reconfirm the Corporation's commitment to achieving and maintaining a diverse Board and management and set out clear targets for women representation on the Board.

As set out in the Diversity Policy, the Corporation does not tolerate discrimination based on any personal attribute such as race, ethnic origin, geographical and cultural background, colour, indigenous status, nationality, disability, religion, age, gender, sexual orientation or gender identity in any employment practices including recruitment, promotions, training, and pay. The Corporation is committed to fostering a diverse and inclusive culture which solicits multiple perspectives and views and is free of conscious or unconscious bias and discrimination.

The Corporation believes in diversity and values the benefits that diversity can bring to its Board, management and to all employees in the Corporation. Diversity promotes the inclusion of different perspectives and ideas, mitigates group think and ensures that the Corporation has the opportunity to benefit from all available talent. In particular, promoting a diverse Board and a diverse management team makes prudent business sense and makes for better corporate governance.

The Corporation seeks to maintain and encourage a diverse Board and management team which includes, but is not necessarily limited to, the personal characteristics and attributes set out above. Directors and management should also have a diverse mix of expertise, experience, education skills and backgrounds. The skills and backgrounds collectively represented on the Board and in management should reflect the diverse nature of the business environment in which the Company operates.

The Corporation amended its Diversity Policy to set out a clear objective of having at least two women on the Board by its annual general meeting in 2023. In order to meet this target the Corporate Governance Committee will (i) maintain an evergreen list of potential candidates for election to the Board, which includes a sufficient number of women candidates, (ii) periodically assess the effectiveness of the nomination process at achieving the Corporation's diversity objectives as outlined in the Diversity Policy and (ii) with the aim of supporting the specific objective of gender diversity, consider the level of representation of women on the Board and ensure that women are included in the short list of candidates being considered for a Board position.

Beyond the Board, the Corporation is committed to promoting diversity in its senior leadership and will consider the level of women representation based on years of service, merit, experience and qualifications, among other elements of diversity described above, when considering hiring and promotions for senior leadership positions. Any search firm engaged to assist the Board or a committee of the Board in identifying candidates for appointment to the Board or management will be specifically directed to include diverse candidates, including for greater certainty, female and racially diverse candidates. As of the date hereof, one member of the Board is a woman (20%) and there are no women serving as executive officers of the

Corporation. There are not yet any Board members or executive officers who are persons with disabilities (0%), Indigenous (0%) or visible minorities (0%).

The Corporate Governance and Nominating Committee will continue to review the Diversity Policy regularly, and will recommend any such revisions to the Board for approval.

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EUROSUN

MINING

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(Expressed in United States Dollars)

Independent Auditor's Report

To the Shareholders of Euro Sun Mining Inc.

Opinion

We have audited the consolidated financial statements of Euro Sun Mining Inc and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2022 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="292 420 820 482"><i>Accounting and measurement of convertible debenture security arrangement</i></p> <p data-bbox="292 505 927 938">On February 18, 2022, the Company closed the first tranche of the convertible security funding arrangement with Lind Global Fund II, LP (“Lind”) for cash proceeds of \$2,748,423 (CAD\$3,500,000) (the “Convertible Security”). The principal loan amount of \$2,748,423 (CAD\$3,500,000) was grossed up for a prepaid interest amount of \$550,834 (CAD\$700,000), resulting in a face value of \$3,299,257 (CAD\$4,200,000). The Company also issued 7,947,321 common share purchase warrants in connection with the Convertible Security that management valued on the date of issuance based on a Geometric Brownian motion model.</p> <p data-bbox="292 961 927 1363">On July 8, 2022, the Company closed a second tranche of the Convertible Security for cash proceeds of \$1,164,054 (CAD\$1,500,000). The principal loan amount of \$1,164,054 (CAD\$1,500,000) was grossed up for a prepaid interest amount of \$232,811 (CAD\$300,000), resulting in a face value of \$1,396,865 (CAD\$1,800,000). The Company also issued 12,711,864 common share purchase warrants in connection with the second tranche of the Convertible Security that management valued on the date of issuance based on a Geometric Brownian motion model.</p> <p data-bbox="292 1386 927 1748">In assessing the accounting for the Convertible Security, management concluded that the conversion option was an embedded derivative. Management designated the entire hybrid contract as a financial liability instrument measured at fair value through profit or loss. On issuance of the two tranches of the Convertible Security, management determined that the combined fair value of the Convertible Security resulted in a day-one loss for each tranche, taking into consideration the net proceeds received by the Company.</p>	<p data-bbox="959 505 1374 567">Our audit procedures included, but were not limited to:</p> <ul data-bbox="959 590 1428 1375" style="list-style-type: none"> - Review of the underlying agreement and assessment of management’s accounting analysis associated with the Convertible Security. - Assessment of the reasonableness of the fair values of the warrants and the Convertible Security by a professional with specialized skill and knowledge in the field of valuation as at each measurement date by developing independent point estimates and by comparing these independent point estimates to management’s estimates. - Performance of a sensitivity analysis on key assumptions used by management in their assessment of the valuation as at year end date. - Testing of the disclosures in the consolidated financial statements with regards to the Convertible Security.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP

A handwritten signature in black ink that reads "McGovern Hurley LLP". The signature is written in a cursive, flowing style.

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
March 28, 2023

EURO SUN MINING INC.

Consolidated statements of financial position
(Expressed in United States dollars)

As at:	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 912,666	\$ 182,085
Restricted deposits	-	23,663
Prepaid expenses and sundry receivables	267,679	418,234
Total current assets	\$ 1,180,345	\$ 623,982
Non-current assets		
Property, plant and equipment (Note 4)	309,169	811,040
Deposits (Note 14)	-	76,585
Total assets	\$ 1,489,514	\$ 1,511,607
Liabilities		
Current liabilities		
Trade and other payables (Note 5 and Note 10)	\$ 3,121,777	\$ 2,405,341
Deferred share unit liability (Note 6)	48,417	681,039
Convertible security (Note 15)	2,492,978	-
Current lease liability (Note 14)	-	160,211
Total current liabilities	\$ 5,663,172	\$ 3,246,591
Non-current lease liability (Note 14)	-	158,711
Total liabilities	\$ 5,663,172	\$ 3,405,302
Deficiency attributable to shareholders		
Share capital (Note 7 (b))	\$ 239,495,678	\$ 236,340,375
Contributed surplus (Note 7 (c))	1,782,371	1,506,187
Warrants (Note 7 (d))	4,379,259	3,249,883
Accumulated deficit	(250,017,006)	(242,893,329)
Accumulated other comprehensive income (loss)	186,040	(96,811)
Total shareholders' deficiency	\$ (4,173,658)	\$ (1,893,695)
Total liabilities and shareholders' deficiency	\$ 1,489,514	\$ 1,511,607

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 8, 13 and 15)
Subsequent event (Note 18)

Approved by the Board of Directors on March 28, 2023:

"Grant Sboros", Director

"Deborah Battiston", Director

The notes to the consolidated financial statements are an integral part of these statements.

EURO SUN MINING INC.

Consolidated statements of loss and comprehensive loss (Expressed in United States dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Expenses		
Exploration and evaluation expenditures (Note 8)	\$ 3,742,601	\$ 7,333,833
Consulting and management fees (Note 10)	1,161,882	1,483,521
Professional fees	218,887	309,013
General office expenses	61,494	149,053
Travel expenses	7,245	50,011
Shareholder communications and filing fees	113,869	1,260,501
Share-based compensation (Note 6, 7 (c) and 10)	(52,455)	218,582
Change in fair value of convertible security (Note 15)	(11,282)	-
Change in fair value of investments	-	3,385
Loss on foreign exchange	145,258	(115,603)
Interest income	(15)	(35,818)
Interest expense	5,768	11,452
Loss on asset disposal (Note 4)	294,979	-
Financing fees (Note 15)	1,657,558	-
Loss on convertible debenture	213,845	-
Loss on sale of investments (Note 17)	-	232,494
Net loss for the year	\$ (7,559,634)	\$ (10,900,424)
Other comprehensive income		
Items that will subsequently be reclassified to operations:		
Currency exchange translation adjustments	282,851	85,835
Other comprehensive income for the year	\$ 282,851	\$ 85,835
Net comprehensive loss for the year	\$ (7,276,783)	\$ (10,814,589)
Basic and diluted loss per share (Note 9)	\$ (0.04)	\$ (0.06)
Weighted average number of common shares outstanding - basic and diluted	185,629,487	173,210,582

The notes to the consolidated financial statements are an integral part of these statements.

EURO SUN MINING INC.

Consolidated statements of changes in shareholders' deficiency (Expressed in United States dollars)

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Shareholders' deficiency
Balance, December 31, 2020	\$ 234,456,221	\$ 4,342,585	\$ 3,577,679	\$ (235,066,995)	\$ (182,646)	\$ 7,126,844
Stock option vesting (Note 7 (c))	-	-	1,833	-	-	1,833
Stock option exercise (Note 7 (c))	491,780	-	-	-	-	491,780
Stock option exercise value allocation (Note 7 (c))	168,048	-	(168,048)	-	-	-
Stock option expiry (Note 7 (c))	-	-	(2,142,130)	2,142,130	-	-
Warrant expiry (Note 7 (d))	-	(931,960)	-	931,960	-	-
Warrant exercise (Note 7 (d))	1,063,584	-	-	-	-	1,063,584
Warrant exercise valuation allocation (Note 7 (d))	160,742	(160,742)	-	-	-	-
DSUs issued (Note 6)	-	-	236,853	-	-	236,853
Net loss and comprehensive loss	-	-	-	(10,900,424)	85,835	(10,814,589)
Balance, December 31, 2021	\$ 236,340,375	\$ 3,249,883	\$ 1,506,187	\$ (242,893,329)	\$ (96,811)	\$ (1,893,695)
DSUs issued (Note 6)	-	-	525,042	-	-	525,042
DSUs converted (Note 6)	148,858	-	(148,858)	-	-	-
RSUs forfeited (Note 6)	-	-	(100,000)	100,000	-	-
Security conversion (Note 7 (b))	1,440,520	-	-	-	-	1,440,520
Private placement (Note 7 (b))	1,639,037	-	-	-	-	1,639,037
Share issuance costs (Note 7 (b))	(73,112)	-	-	-	-	(73,112)
Warrants issued (Note 15)	-	1,465,333	-	-	-	1,465,333
Warrant expiry (Note 7 (d))	-	(335,957)	-	335,957	-	-
Net loss and comprehensive loss	-	-	-	(7,559,634)	282,851	(7,276,783)
Balance, December 31, 2022	\$ 239,495,678	\$ 4,379,259	\$ 1,782,371	\$ (250,017,006)	\$ 186,040	\$ (4,173,658)

The notes to the consolidated financial statements are an integral part of these statements.

EURO SUN MINING INC.

Consolidated statements of cash flows (Expressed in United States dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Cash flows from operating activities		
Loss for the year	\$ (7,559,634)	\$ (10,900,424)
Adjustment for:		
Depreciation (Note 4)	216,211	309,385
Change in fair value of convertible security (Note 15)	11,282	-
Change in fair value of investments (Note 17)	-	3,385
Interest income	(15)	(35,818)
Deferred share units (Note 6)	(52,455)	216,748
Stock options vested (Note 7 (c))	-	1,834
Loss on asset disposal (Note 4)	294,979	-
Non-cash financing fees (Note 15)	1,657,558	-
Loss on convertible debenture (Note 15)	213,845	-
Loss on sale of investments (Note 17)	-	232,494
Non-cash lease liability interest (Note 14)	13,960	-
	\$ (5,204,269)	\$ (10,172,396)
Prepaid expenses, sundry receivables and restricted deposits	150,555	380,776
Trade and other payables	525,887	189,623
Net cash used in operating activities	\$ (4,527,827)	\$ (9,601,997)
Cash flows from investing activities		
Interest income	15	35,818
Acquisition of property, plant and equipment (Note 4)	(9,319)	(181,736)
Sales of shares (Note 17)	-	618,463
Net cash (used in) provided by investing activities	\$ (9,304)	\$ 472,545
Cash flows from financing activities		
Warrant exercise (Note 7 (d))	-	1,063,584
Option exercise (Note 7 (c))	-	491,780
Payment of principal portion of lease liability (Note 14)	(59,854)	(162,629)
Proceeds of convertible debenture (Note 15)	3,957,980	-
Convertible security fees (Note 15)	(192,225)	-
Private placement (Note 7 (b))	1,639,037	-
Share issuance costs (Note 7 (b))	(73,112)	-
Cash provided by financing activities	\$ 5,271,826	\$ 1,392,735
Effect of exchange rate changes on cash and cash equivalents	\$ (4,113)	\$ 93,121
NET CHANGE IN CASH AND CASH EQUIVALENTS	730,581	(7,643,596)
CASH AND CASH EQUIVALENTS, beginning of year	\$ 182,085	\$ 7,825,681
CASH AND CASH EQUIVALENTS, end of year	\$ 912,666	\$ 182,085
Supplemental cash flow information:		
Deposit applied against lease liability (Note 14)	\$ 76,585	\$ -
Warrants issued (Note 15)	1,465,333	-
Convertible security fees (Note 15)	1,440,520	-
Acquisition of right-of-use assets (Note 4)	-	301,796

The notes to the consolidated financial statements are an integral part of these statements.

EURO SUN MINING INC.

Notes to consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in United States Dollars)

1. Nature of operations and going concern

Euro Sun Mining Inc., together with its subsidiaries (collectively the "Company"), is a gold and copper exploration and development mining company focused primarily on its 100% owned Rovina Valley Project ("RVP") located in west-central Romania.

The Company was incorporated under the federal laws of Canada (the *Canada Business Corporations Act*) on January 17, 2003, is domiciled in Canada and its common shares are currently posted for trading and listed on the Toronto Stock Exchange ("TSX") under the symbol "ESM". The address of its registered office is 66 Wellington Street, West, Suite 5300, Toronto, Ontario, M5K 1E6.

These consolidated financial statements were prepared on a going concern basis of presentation, which contemplates the realization of assets and settlement of liabilities as they become due in the normal course of operations for the next fiscal year. For the year ended December 31, 2022, the Company incurred a net loss of \$7,559,634 and as at December 31, 2022, reported an accumulated deficit of \$250,017,006 and negative working capital of \$4,482,827 including \$912,666 in cash and cash equivalents. The Company has no current source of operating cash flow, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore and develop its property and to cover general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds through the issuance of equity or debt. These matters represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities or reported expenses and consolidated statement of financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The recoverability of the amounts shown as assets of the Company is dependent upon the Company obtaining the necessary financing to complete the exploration of its property, the discovery of economically recoverable reserves, any permitting required for mining activities, including environmental, and future profitable operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory, social and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

EURO SUN MINING INC.

Notes to consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in United States Dollars)

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The Company prepares its consolidated financial statements in accordance with International Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors on March 28, 2023.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, unless otherwise disclosed. The consolidated financial statements have been prepared on an accrual basis except for cash flow information.

Basis of presentation

The consolidated financial statements of the Company consolidate the accounts of Euro Sun Mining Inc. and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The Company's financial statements consolidate its subsidiaries which comprise the following at December 31, 2022 and 2021:

Name of entity	Country of incorporation	Ownership
SAMAX Romania Limited	Cyprus	100%
SAMAX Romania S.R.L.	Romania	100%

EURO SUN MINING INC.

Notes to consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in United States Dollars)

2. Significant accounting policies (continued)

Translation of foreign currency

These consolidated financial statements are presented in U.S. dollars (the Company's presentation currency).

Items included in the consolidated financial statements of Euro Sun Mining Inc. (the "Parent") and each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statement of loss.

The functional currency of the Parent is the Canadian dollar ("CAD\$") and the functional currency of each of its subsidiaries is the U.S. dollar at December 31, 2022 and 2021.

Assets and liabilities of entities with functional currencies other than the U.S. dollar are translated into the presentation currency at the period end rates of exchange, and the results of their operations are translated at the average rates of exchange for the period. The resulting translation adjustments are recognized in other comprehensive income as cumulative translation adjustments. There is no tax impact on this translation.

Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either FVPL or FVOCI, and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The Company measures its cash equivalents and investments at FVPL.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of loss. The Company measures cash, restricted deposits, sundry receivables and deposits at amortized cost.

EURO SUN MINING INC.

Notes to consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in United States Dollars)

2. Significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss is not reclassified to profit or loss. Dividends from such investments are recognized in other income in the consolidated statements of loss when the right to receive payments is established.

The Company does not measure any financial assets at FVOCI.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are sundry receivables, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, sundry receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade and other payables, and lease liability which are measured at amortized cost, and its deferred share unit liability, and convertible security which is measured at FVPL. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement – financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss.

EURO SUN MINING INC.

Notes to consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in United States Dollars)

2. Significant accounting policies (continued)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

The Company has established a stock option plan to grant non-transferable equity settled options to purchase Common Shares to directors, officers, employees of and consultants to the Company. The number of Common Shares reserved for issuance will not exceed 10% of the total issued and outstanding Common Shares of the Company. The Company has the ability to grant for a maximum period of ten years from the date of grant.

Stock options vest over periods ranging from immediate to two years. The fair value of each option is measured at the date of grant using the Black-Scholes option pricing model and recorded as a compensation expense in the period the options are vested, or the performance is complete. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

Any consideration paid on exercise of stock options is credited to share capital. On expiry, any amount related to the initial value of the stock option is recorded to deficit.

Deferred share unit plan

Non-executive directors and executives are granted Deferred Share Units (“DSUs”) under the terms of the Company’s DSU Plan. Under the terms of the Company’s previous DSU plan, the fair value of DSUs at the time of conversion or award, as applicable, is determined with reference to the weighted average trading price of the Company’s common shares over the five trading days immediately preceding the date of conversion or award, as applicable. The fair value of the DSUs, which are settled in cash, is recognized as a share-based compensation expense with a corresponding increase in liabilities, over the period from the grant date to settlement date. The fair value of the DSUs is marked to the weighed average quoted market price of the Company’s common shares over the five trading days immediately preceding each reporting date with a corresponding change recorded in the consolidated statement of loss.

Under the terms of the Company’s new DSU plan, effective from June 2021, the fair value of DSUs at the time of award is determined with reference to the weighted average trading price of the Company’s common shares over the five trading days immediately preceding the date of award. The fair value of the DSUs, which are settled in shares of the Company issued from treasury, is recognized as a share-based compensation expense with a corresponding increase in contributed surplus.

Deferred costs

Costs incurred to raise capital are written off as a charge to capital upon completion of each capital raising. Costs incurred on debt financings are netted against the carrying value of the loans and charged to the consolidated statement of loss over the term of the related loans. If the Company is in default, costs are immediately expensed to the consolidated statement of loss.

EURO SUN MINING INC.

Notes to consolidated financial statements
For the years ended December 31, 2022 and 2021
(Expressed in United States Dollars)

2. Significant accounting policies (continued)

Mine development assets

Mine development assets, a component of property, plant and equipment, are accumulated separately for each area of interest in which economically recoverable reserves have been identified. These assets are comprised of expenditures directly attributable to the construction of a mine and the related infrastructure.

General and administration costs are allocated to a development asset only to the extent that those costs can be related directly to development activities in the relevant areas of interest.

No amortization is recognized in respect of development properties until they are at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

Production stage

A mine that is under construction is determined to enter the production stage when the project is in the location and condition necessary for it to be capable of operating in the manner intended by management.

When a mine development asset moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either capitalized to inventory or expensed, except for capitalizable costs related to property, plant and equipment additions or improvements, open pit stripping activities that provide a future benefit or expenditures that meet the criteria for capitalization in accordance with International Accounting Standard 16 ("IAS") IAS 16 Property, Plant and Equipment.

Pre-production stripping costs are capitalized until an "other than de minimis" level of mineral is extracted, after which time such costs are either expenses, capitalized to inventory or, if it qualifies as an open pit stripping activity that provides a future benefit, capitalized to property, plant and equipment. Various relevant criteria are considered to assess when an "other than de minimis" level of mineral is produced. Some of the criteria considered would include, but not limited to, the following:

- The amount of minerals mined versus total ounces in the life of mine;
- The amount of ore tons mined versus total life of mine expected ore tons mined;
- The current stripping ratio versus the life of mine ratio; and
- The ore grade versus the life of mine grade.

Stripping costs incurred during the production stage of a pit are accounted for as costs of inventory produced during the period that the stripping costs are incurred, unless these costs are expected to provide future economic benefit to the identifiable component of the ore body. Components of the ore body are based on the distinct development phases identified by the mine planning engineers when determining the optimal development plan for the open pit. Production phase stripping costs generate a future economic benefit when the related stripping activity:

- Improves access to a component of the ore body to be mined in the future;
- Increases the fair value of the mine (or pit) as access to future mineral reserves becomes less costly; and
- Increases the production capacity or extends stripping costs that are expected to generate a future economic benefit are capitalized as open pit mine development costs.

Mine development costs are depreciated on a unit of production basis whereby the denominator is the estimated ounces of gold in proven and probable reserves and the portion of resources considered probable of economic extraction based on the current life of mine plan in the current component of the ore body that has been made accessible through strip activity and all future components in the current plan that benefit from the particular stripping activity. Mine development assets are depreciated once the open pit has entered production and the future economic benefit is being derived.

EURO SUN MINING INC.

Notes to consolidated financial statements
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2. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statement of loss during the period in which they are incurred.

The Company depreciates property, plant and equipment on the straight-line depreciation method. The assets' useful lives are as follows:

Machinery and equipment	-	4-10 years
Vehicles	-	4-5 years
Leasehold Improvements	-	1-10 years
Right-of-use asset	-	3-5 years

Exploration and evaluation expenditures

Exploration and evaluation expenditures comprise costs of initial search for mineral deposits and performing a detailed assessment of deposits that have been identified as having economic potential.

Exploration and evaluation costs are expensed as incurred and included in the consolidated statement of loss and until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mine development assets. Exploration and evaluation costs include an allocation of administration and salary costs as determined by management.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments, such as guaranteed investment certificates and deposit accounts with Canadian chartered banks, trust accounts held with Canadian lawyers, Romanian banks and cashable within three months of the date of original issue.

EURO SUN MINING INC.

Notes to consolidated financial statements
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2. Significant accounting policies (continued)

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss, which may differ from earnings reported in the consolidated statement of loss due to items of income or expense that are not currently taxable or deductible for tax purposes, using tax rates substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

The Company records foreign exchange gains or losses representing the impacts of movements in foreign exchange rates on the tax bases of non-monetary assets and liabilities which are denominated in foreign currencies. Foreign exchange gains and losses relating to deferred income taxes are included in deferred income tax expense or recovery in the consolidated statement of loss.

The Company recognizes uncertain tax positions in its consolidated financial statements when it is considered more likely than not that the tax position shall be sustained.

Loss per share

Basic loss per share is calculated by dividing net loss attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated whereby the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options, warrants, RSUs, DSUs, and convertible securities, if dilutive.

Restricted share unit plan

Non-executive directors and executives are granted Restricted Share Units ("RSUs") under the terms of the Company's RSU Plan. Under the terms of the Company's RSU plan, the fair value of RSUs at the time of award is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the date of award. The fair value of the RSUs, which are settled in shares of the Company issued from treasury, is recognized as a share-based compensation expense with a corresponding increase in contributed surplus.

EURO SUN MINING INC.

Notes to consolidated financial statements
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2. Significant accounting policies (continued)

Provisions

(a) General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance expense in the consolidated statement of loss.

(b) Decommissioning and site rehabilitation

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The liability incorporates consideration of risk by way of adjusting the cash flows and is discounted using a risk-free discount rate. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and re-vegetation of affected areas.

The obligation is generally considered to have been incurred when the mine assets are constructed or the environment is disturbed at the Company's operations. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased based on the unwind of the discount rate.

The periodic unwinding of the discount is recognized in the consolidated statement of loss as a finance cost. Additional disturbances or changes in rehabilitation costs attributable to development will be recognized as changes to the corresponding assets and rehabilitation liability when they occur.

Where a closure and environmental obligation arises from production activities, the costs are expensed as incurred because there are no associated economic benefits.

Convertible security

The initial fair value of the convertible security was determined by valuing the components of the hybrid financial instrument, including the principal liability component and the conversion option component. At the date of issue, the fair value of the hybrid financial instrument was estimated using the benchmark yields based on the Company's credit rating.

The initial fair value of the convertible component was determined using a Geometric Brownian motion model.

Both components are recorded at fair value at the end of each period with the change in fair value recorded through the consolidated statement of loss.

EURO SUN MINING INC.

Notes to consolidated financial statements
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2. Significant accounting policies (continued)

Lease liabilities and right-of-use assets

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.

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 loss.

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 consolidated statement of financial position. See Note 4 for continuity schedule of the right-of-use asset and Note 14 for lease liability.

Future accounting standards not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – Accounting policies, changes in accounting estimates and errors (“IAS 8”) was amended in February 2021. the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

EURO SUN MINING INC.

Notes to consolidated financial statements
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2. Significant accounting policies (continued)

Amended accounting standards

The following standards were adopted by the Company on January 1, 2022.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended on January 1, 2022. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments did not have a significant impact on the Company’s financial statements.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended on January 1, 2022. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments did not have a significant impact on the Company’s financial statements.

3. Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies regarding certain types of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements:

Estimated useful life of property, plant and equipment

Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at each reporting date and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company’s property, plant and equipment in the future.

Rehabilitation provisions

The Company records management’s best estimate of the present value of the future cash requirements of any rehabilitation obligation as a long-term liability in the period in which the related environmental disturbance occurs based on the net present value of the estimated future costs. This obligation is adjusted at each period end to reflect the passage of time and any changes in the estimated future costs underlying the obligation. In determining this obligation, management must make a number of assumptions about the amount and timing of future cash flows and discount rate to be used. The actual future expenditures may differ from the amounts currently provided if the estimates made are significantly different than actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

EURO SUN MINING INC.

Notes to consolidated financial statements
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3. Critical accounting estimates and judgments (continued)

Share-based payments

The Company grants stock options, RSUs and DSUs to directors, officers, employees and consultants of the Company under its incentive stock option plan and DSU plan. The fair value of stock options is estimated using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates such as the life of options, volatility and forfeiture rates. The fair value of DSUs is estimated using the current share price and are expensed over their vesting periods. Changes in assumptions used to estimate fair value could result in materially different results.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Contingencies

See Notes 8, 13, and 15.

EURO SUN MINING INC.

Notes to consolidated financial statements
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3. Critical accounting estimates and judgments (continued)

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Functional currency

Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of underlying transactions, events and conditions.

Convertible security

The initial value of the convertible security was determined by valuing the components of the hybrid financial instrument, including the liability component and the convertible debenture components, which required a number of assumptions. The significant assumptions used in determining the value of the convertible security include the discount rate used in the discounted cash flow of the liability component. In determining the appropriate discount rate, the Company considered rates of benchmark yields based on management's assessment of the Company's credit rating.

Management used significant judgement in determining that the fair value on the convertible security on issuance did not equal the transaction price. The resulting difference between the transaction price and the fair value on initial recognition (the "Day 1 loss") was deferred as the fair value of the convertible security is based on a valuation technique where not all the inputs are observable. The unrecognized Day 1 loss was recorded in net loss only to the extent that it arises from a change in factor that market participants would take into account when pricing the convertible security. The Company believes that time is such a factor specific to the convertible security and the Day 1 loss is recognized on a straight-line basis in the statement of loss over the contractual life of the convertible security.

EURO SUN MINING INC.

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4. Property, plant and equipment

	Leasehold improvements, furniture and fixtures	Machinery, equipment & vehicles	Right of use asset	Total
Cost:				
Balance, December 31, 2020	\$ 575,968	\$ 249,927	\$ 331,946	\$ 1,157,841
Additions	139,669	42,067	301,796	483,532
Balance, December 31, 2021	\$ 715,637	\$ 291,994	\$ 633,742	\$ 1,641,373
Additions	6,806	2,513	-	9,319
Disposals	(393,188)	-	(633,742)	(1,026,930)
Balance, December 31, 2022	\$ 329,255	\$ 294,507	\$ -	\$ 623,762
Depreciation:				
At December 31, 2020	\$ 211,664	\$ 128,222	\$ 181,062	\$ 520,948
Depreciation charge for the year	92,124	63,896	153,365	309,385
Balance, December 31, 2021	\$ 303,788	\$ 192,118	\$ 334,427	\$ 830,333
Depreciation charge for the year	46,306	46,340	123,565	216,211
Disposals	(273,959)	-	(457,992)	(731,951)
Balance, December 31, 2022	\$ 76,135	\$ 238,458	\$ -	\$ 314,593
Net book value:				
At December 31, 2021	\$ 411,849	\$ 99,876	\$ 299,315	\$ 811,040
At December 31, 2022	\$ 253,120	\$ 56,049	\$ -	\$ 309,169

As at December 31, 2022, the carrying value of property, plant and equipment is comprised of \$nil in Canada (December 31, 2021 – \$nil) and \$309,169 in Romania (December 31, 2021 - \$811,040).

In March 2022, the Company vacated its office in Bucharest, Romania. As a result of the Company terminating its lease, the Company disposed of the right-of-use asset and leasehold improvements associated with the Bucharest office.

In November 2022, the Company vacated its office in Brad, Romania. As a result of the Company terminating its lease, the Company disposed of the right-of-use asset and leasehold improvements associated with the Bucharest office.

In November 2022, the Company terminated its car leases in Romania. As a result of the Company terminating its lease, the Company disposed of the right-of-use asset associated with these leases.

The disposal of these assets resulted in a loss on the Company's consolidated statement of loss for the year ended December 31, 2022 of \$294,979 (December 31, 2021 - \$nil).

EURO SUN MINING INC.

Notes to consolidated financial statements
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5. Trade and other payables

	December 31, 2022	December 31, 2021
Trade payables	\$ 1,662,470	\$ 1,076,370
Accrued liabilities	1,459,307	1,328,971
	\$ 3,121,777	\$ 2,405,341

6. Deferred share units and restricted share units

Effective January 21, 2010, the Company established a Deferred Share Unit (“DSU”) Plan for directors or officers of the Company or any affiliate thereof (“Eligible Person”). Prior to June 2021, a DSU issued was equivalent in value to one common share of the Company based on the five-day average trading price of the Company’s common shares on the TSX immediately prior to the date on which the value of the DSU is determined. Upon termination, an eligible person receives a cash payment equivalent to the quoted market value of a common share on the termination date multiplied by the number of DSUs held by them. DSUs that will be settled in cash are recorded as a DSU liability on the consolidated statement of financial position and the liability is based on the weighted average trading price of the Company’s common shares over the five trading days immediately preceding the date of the consolidated statement of financial position.

In June 2021, the Company approved a change to the DSU plan such that each DSU will provide the right to receive, on a deferred payment basis, a common share or cash equivalent of a common share in an amount equal to the fair market value of the common share at the applicable payment date at the discretion of the Board of Directors. As the Company expects to settle any such DSUs using common shares of the Company, any DSUs issued after June 2021, are recorded in contributed surplus on the consolidated statement of financial position.

In June 2021, the Company approved a Restricted Share Unit (“RSU”) plan, such that every RSU will provide the right to receive a common share or cash equivalent of a common share in an amount equal to the fair market value of the common share at the applicable payment date at the discretion of the Board of Directors. As the Company expects to settle any such RSUs using common shares of the Company, any RSUs issued are recorded in contributed surplus on the consolidated statement of financial position. RSUs are settled on or before December 15 of the third calendar year following the calendar year in which the RSU is granted.

EURO SUN MINING INC.

Notes to consolidated financial statements
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6. Deferred share units and restricted share units (continued)

The following transactions occurred during the periods noted below:

	DSUs Pre June 2021 Plan	DSUs Post June 2021 Plan	RSUs	Total
Number outstanding, December 31, 2020	5,441,259	-	-	5,441,259
Paid out	(2,075,000)	-	-	(2,075,000)
Granted	200,000	919,110	-	1,119,110
Number outstanding, December 31, 2021	3,566,259	919,110	-	4,485,369
Granted	-	1,916,660	2,236,840	4,153,500
Settled	(2,566,668)	-	(657,894)	(3,224,562)
Paid out	(133,332)	-	-	(133,332)
Converted to shares (Note 7 (b))	-	(1,084,146)	-	(1,084,146)
Number outstanding, December 31, 2022	866,259	1,751,624	1,578,946	4,196,829

	December 31, December 31,	
	2022	2021
Deferred share unit liability	\$ 48,417	\$ 681,039

In May 2021, 200,000 DSUs were granted, with one third vesting immediately, one third vesting in one year from the grant date, and one third vesting in two years from the grant date. The value of these DSUs has been included in the DSU liability.

In August 2021, 416,664 DSUs were granted, with all DSUs vesting immediately.

In September 2021, 208,332 DSUs were granted, with all DSUs vesting immediately.

In December 2021, 294,114 DSUs were granted, with all DSUs vesting immediately.

In March 2022, 333,330 DSUs were granted, with all DSUs vesting immediately.

In June 2022, 624,996 DSUs were granted, with all DSUs vesting immediately.

In December 2022, 2,566,668 DSUs and 657,894 RSUs were subject to settlement agreements with certain parties. The new settlement amounts were included in accounts payable and accrued liabilities at December 31, 2022

As at December 31, 2022, 2,167,883 of the total outstanding DSUs had vested (December 31, 2021 – 4,352,035).

The Company granted 2,236,840 RSUs during the year ended December 31, 2022, with all RSUs vesting immediately.

As at December 31, 2022, 1,578,946 of the total outstanding RSUs had vested (December 31, 2021 - \$Nil).

EURO SUN MINING INC.

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7. Share capital

- (a) Authorized
Unlimited number of common shares, without par value.
Unlimited number of preference shares, without par value.
- (b) Issued common shares

	Number of common shares	Stated value
Balance, December 31, 2020	169,750,514	\$ 234,456,221
Warrant exercise	3,220,000	1,063,584
Value allocation on warrant exercise	-	160,742
Option exercise	1,925,000	491,780
Value allocation on option exercise	-	168,048
Balance, December 31, 2021	174,895,514	\$ 236,340,375
Debenture conversion	22,315,398	1,440,520
Private placement	44,290,000	1,639,037
Share issuance costs	-	(73,112)
DSU conversion	1,084,146	148,858
Balance, December 31, 2022	242,585,058	\$ 239,495,678

During the year ended December 31, 2022, the Company issued 22,315,398 shares as settlement for a portion of the Convertible Security (Note 15).

On November 30, 2022, the Company closed the first tranche of its non-brokered private placement financing issuing 41,790,000 common shares at \$0.05 per common share for gross proceeds of \$1,546,861 (CAD\$2,089,500).

On December 14, 2022, the Company closed the second tranche of its non-brokered private placement financing issuing 2,500,000 common shares at \$0.05 per common share for gross proceeds of \$92,176 (CAD\$125,000).

EURO SUN MINING INC.

Notes to consolidated financial statements
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7. Share capital (continued)

(c) Stock options

	Number of options	Weighted average exercise price (CAD)
Balance, December 31, 2020	12,627,425	\$ 0.55
Exercised	(1,925,000)	0.33
Expired	(2,317,425)	1.36
Balance, December 31, 2021 and December 31, 2022	8,385,000	\$ 0.38

As at December 31, 2022, stock options held by directors, officers, employees and consultants are as follows:

Options outstanding	Options exercisable	Grant date fair value vested	Exercise price (CAD)	Date of expiry	Remaining contractual life in years
500,000	500,000	\$ 105,130	\$ 0.46	March 28, 2024	1.24
410,000	410,000	118,713	\$ 0.73	April 5, 2024	1.26
1,225,000	1,225,000	167,308	\$ 0.28	October 15, 2024	1.79
300,000	300,000	50,815	\$ 0.33	November 7, 2024	1.85
1,000,000	1,000,000	149,374	\$ 0.30	January 6, 2025	2.02
4,950,000	4,950,000	677,994	\$ 0.39	June 30, 2025	2.50
8,385,000	8,385,000	\$ 1,269,334			2.18

During the year ended December 31, 2022, the Company did not grant any stock options (no stock options granted for the year ended December 31, 2021) and no option vesting expense was recorded (\$1,833 for the year ended December 31, 2021).

There were no options exercised during the year ended December 31, 2022. During the year ended December 31, 2021, the weighted average share price on the date of option exercise was CAD\$0.35.

EURO SUN MINING INC.

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7. Share capital (continued)

(c) Stock options (continued)

Contributed surplus

	Number of stock options	Weighted average exercise price CAD	Carrying amount of options	Number of DSUs/ RSUs	Weighted average exercise price CAD	Carrying amount of DSUs/ RSUs	Total carrying amount
Balance, December 31, 2020	12,627,425	\$ 0.55	\$ 3,577,678	-	\$ -	\$ -	\$ 3,577,678
Granted	-	-	1,834	919,110	0.26	236,853	238,687
Exercised	(1,925,000)	0.33	(168,048)	-	-	-	(168,048)
Expired	(2,317,425)	1.36	(2,142,130)	-	-	-	(2,142,130)
Balance, December 31, 2021	8,385,000	\$ 0.38	\$ 1,269,334	919,110	\$ -	\$ 236,853	\$ 1,506,187
Granted / vested	-	-	-	4,153,500	\$ 0.13	525,042	525,042
Converted to shares	-	-	-	(1,084,146)	-	(148,858)	(148,858)
Forfeited	-	-	-	(657,894)	-	(100,000)	(100,000)
Balance, December 31, 2022	8,385,000	\$ 0.38	\$ 1,269,334	3,330,570	\$ 0.13	\$ 513,037	\$ 1,782,371

(d) Common share purchase warrants

	Number of warrants	Weighted average exercise price (CAD)
Balance, December 31, 2020	50,678,766	\$ 0.50
Expired	(15,344,947)	0.50
Exercised	(3,220,000)	0.40
Balance, December 31, 2021	32,113,819	\$ 0.53
Issued	20,659,185	0.29
Expired	(4,006,477)	0.55
Balance, December 31, 2022	48,766,527	\$ 0.40

At December 31, 2022, outstanding warrants to acquire common shares of the Company were as follows:

Number of warrants outstanding	Grant date fair value	Weighted average exercise price (CAD)	Expiry date
28,107,342	\$ 2,913,926	\$ 0.55	June 5, 2023
7,947,321	819,349	\$ 0.29	March 1, 2026
12,711,864	645,984	\$ 0.14	July 18, 2026
48,766,527	\$ 4,379,259	\$ 0.40	

EURO SUN MINING INC.

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7. Share capital (continued)

(d) Common share purchase warrants (continued)

On February 18, 2022, the Company issued 7,947,321 warrants in association with the Convertible Security issued (Note 15). The warrants entitle the holder to purchase one common share of the Company at an exercise price of CAD\$0.29 until February 18, 2026. The fair value of these warrants of CAD\$0.13 was estimated using the Geometric Brownian motion method using the following assumptions: expected volatility of 80.29% based on the Company's historical volatility, share price of CAD\$0.24, risk-free rate of 1.66% and expected life of four years.

On July 18, 2022, the Company issued 12,711,864 warrants in association with the Convertible Security issued (Note 15). The warrants entitle the holder to purchase one common share of the Company at an exercise price of CAD\$0.1357 until July 18, 2026. The fair value of these warrants of CAD\$0.066 was estimated using the Geometric Brownian motion method using the following assumptions: expected volatility of 80.98% based on the Company's historical volatility, share price of CAD\$0.115, risk-free rate of 3.21% and expected life of four years.

8. Exploration and evaluation expenditures

Exploration and evaluation expenditures during the periods presented were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Consulting and technical	\$ 2,132,931	\$ 2,571,406
Feasibility study	116,482	1,664,764
Surface rights	195,234	312,699
Environmental studies	632,951	1,046,208
Field office support and administration	504,176	1,429,398
Depreciation	160,827	309,358
	\$ 3,742,601	\$ 7,333,833

The Company owns 100% of the Rovina Valley Project in Romania; mining license number 18174/2015 which is held through its subsidiary SAMAX Romania S.R.L. The license was ratified by the Romanian Government on November 16, 2018 and is valid for 20 years, with the right of extension for successive periods of 5 years each. The project carries a 6% (gold) and 5% (copper) net smelter return "NSR" royalty payable to the Romanian state once in production. As at December 31, 2022, the Company has only one material segment for financial reporting purposes, which is the development of its Romanian mining permit.

In late 2022, SAMAX Romania SRL, a wholly owned subsidiary of the Company, received a notice of action from the Cluj County court regarding an action made by Asociatia Declic against SAMAX Romania S.R.L. for the suspension of the environmental licence held by SAMAX Romania S.R.L. with respect to the Rovina Valley project, followed by an action for annulment in respect of the same environmental licence.

The Cluj County court dismissed the grounds for suspension of the environmental licence. However, on appeal, the Cluj Court of Appeals overturned this verdict and admitted the suspension thereof. The Company expects to file evidence with the Cluj County court to respond to the action for annulment of the environmental licence. The outcome of the environmental license matter and impact on the development of the Rovina Valley project are uncertain.

EURO SUN MINING INC.

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9. Loss per share

Basic loss per share is calculated based on the weighted average number of common shares issued and outstanding during the period. Basic and diluted weighted average shares for the year ended December 31, 2022 is 185,611,665 (December 31, 2021 – 173,210,582). Stock options and warrants are considered anti-dilutive and therefore are excluded from the calculation of diluted loss per share.

For the years ended December 31, 2022 and 2021, the loss per share was as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Basic and diluted loss per share	\$ (0.04)	\$ (0.06)

10. Related party transactions

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

Key management personnel compensation:

	Year ended December 31, 2022	Year ended December 31, 2021
Directors and officers compensation	\$ 1,462,835	\$ 1,394,988
Share-based payments	224,066	253,697
	\$ 1,686,901	\$ 1,648,685

As at December 31, 2022, the Company had \$915,427 (December 31, 2021 - \$14,658) in accounts payable owing to various current and former officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand.

See Notes 5, 6, 7, 13, and 18.

11. Financial risk factors

The Company's financial instruments comprise cash and cash equivalents, restricted deposits, sundry receivables, investments, trade and other payables, and deferred share unit liability.

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are; credit risk, liquidity risk and market risk. Management reviews and agrees policies for managing each of these risks, which are summarized below:

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on income or loss and shareholders' equity, where applicable. The sensitivity has been prepared for the years ended December 31, 2022 and 2021 using the amounts of other financial assets and liabilities held as at the consolidated statement of financial position date.

(a) Credit Risk

The Company's exposure to credit risk is primarily relating to its financial assets consisting of cash and cash equivalents, restricted deposits and sundry receivables. Cash and cash equivalents consist of deposit accounts held at various Canadian and Romanian high credit quality financial institutions, from which management believes the risk of loss to be minimal.

EURO SUN MINING INC.

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11. Financial risk factors (continued)

(b) Liquidity Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities when due. As at December 31, 2022, the Company had a cash and cash equivalents balance of \$912,666 (2021 - \$182,085) to settle trade and other payables of \$3,121,777 (2021 - \$2,405,341). Current liabilities consist of trade and other payables, and deferred share unit liability, all generally due within one year.

(c) Market Risk

Market risk is the risk that changes in market factors, such as interest rates, foreign exchange rates or commodity prices will affect the value of the Company's financial instruments.

(i) Interest rate risk

The Company has cash and cash equivalent and restricted cash balances as at December 31, 2022 and 2021. The Company considers interest rate risk to be minimal as cash is held on deposit at major financial institutions.

(ii) Foreign currency risk

The Parent's functional currency is the Canadian dollar. The Company is affected by currency transaction and translation risk primarily with respect to the Canadian dollar and Romanian Lei. Consequently, fluctuations in the U.S. dollar currency against these currencies could have a material impact on the Company's business, financial condition and results of operations. The Company does not engage in hedging activity to mitigate this risk.

The following summary illustrates the fluctuations in the exchange rates applied during the years ended December 31, 2022 and 2021:

	2022		2021	
	Average rate	Closing rate	Average rate	Closing rate
RON	0.2133	0.1981	0.2404	0.2288
CAD	0.7682	0.7383	0.7978	0.7888

A 1% strengthening or weakening of the US dollar against the Romanian Lei at December 31, 2022 would result in an increase or decrease in operating loss of approximately \$6,400. A 1% strengthening or weakening of the US dollar against the Canadian dollar would result in an increase or decrease in other comprehensive income of approximately \$17,000.

(iii) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company's future operations will be significantly affected by changes in the market prices for commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for commodities, the level of interest rates, the rate of inflation, and stability of exchange rates can all cause significant fluctuations in commodity prices. Such external economic factors may in turn be influenced by changes in international investment patterns, monetary systems and political developments. As the Company is not in production, its exposure to commodity price risk is reduced.

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12. Capital disclosures

The Company manages its capital structure, defined as cash and cash equivalents, restricted deposits, share capital, contributed surplus and warrants, to ensure sufficient funds are available to the Company to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company has cash and cash equivalents and restricted cash held with large Canadian chartered banks and Romanian banks.

The properties in which the Company currently has an interest are in the exploration stage and as such the Company may need to access additional capital through the issuance of shares. The Company will continue to assess new properties and continue to explore and develop existing properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2022 and 2021.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the Toronto Stock Exchange ("TSX") which requires adequate working capital or financial resources such that, in the opinion of TSX, the listed issuer will be able to continue as a going concern. TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings as well as accountants' or auditors' disclosures in the consolidated financial statements regarding the listed issuer's ability to continue as a going concern.

The Company's capital items are the following:

	December 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 912,666	\$ 182,085
Restricted deposits	-	23,663
Share capital	239,495,678	236,340,375
Warrants	4,379,259	3,249,883
Contributed surplus	1,782,371	1,506,187
	\$ 246,569,974	\$ 241,302,193

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13. Commitments and contingencies

(a) Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$412,000 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 \$372,000 pursuant to the terms of these contracts. As a triggering event has not taken place, these amounts have not been recorded in these consolidated financial statements.

(b) 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.

See Note 8 related to ongoing matters related to the environmental license.

(c) Legal

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

A former contractor of the Company has initiated a legal action seeking approximately \$363,000 in relation to the termination of the contract, of which the Company has accrued \$38,000 at December 31, 2022. The Company does not believe the additional termination amounts are due to the former contractor and the Company intends to defend the matter vigorously as it believes the former contractor's claim is without merit.

(d) Going concern

See Note 1.

(e) Title to mining license

See Notes 1 and 8.

EURO SUN MINING INC.

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14. Lease liability

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 was 7,815 Euros (\$9,617) plus applicable service charges. The rent payable is subject to an annual increase based on the percentage increase in the Euro Zone Monetary Union Index of Consumer Prices over the prior year assessed annually. Amounts unpaid when due were 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 August 2017. As at December 31, 2021, the Company had paid a deposit equivalent to six months rent and services charges of \$76,585. The Company used a discount rate of 8.5% in determining the present value of the lease payments. In March 2022, the Company vacated the office in Bucharest. On termination of the lease, the landlord agreed to use the six months rent and services deposit towards the remaining rent payments required for the final six months of the lease. As a result, the Company discharged its lease liability related to the Bucharest office.

On May 27, 2021, the Company entered into a lease agreement for office space in Brad, Romania. The monthly rent payable under the terms of the lease was 3,710 Euros (\$4,598). The lease was for a fixed term of three years commencing May 2021. The Company used a discount rate of 8.5% in determining the present value of the lease payments. The Company terminated this lease in November 2022.

The Company also had various vehicle leases which have been included in the lease liability. The monthly rent payable under the terms of the leases ranged from 999 Euros (\$1,134) to 1,573 Euros (\$1,806). The term of the leases ranged from 36 months to 57 months. The Company terminated these leases in November 2022.

Lease liability as at December 31, 2020	\$	187,569
Additions		301,796
Interest expense		23,226
Lease payments		(162,629)
Effect of foreign exchange currency difference		(31,040)
Lease liability as at December 31, 2021	\$	318,922
Interest expense		13,960
Lease payments		(136,439)
Lease termination		(135,424)
Effect of foreign exchange currency difference		(61,019)
Lease liability as at December 31, 2022	\$	-

	December 31, 2022		December 31, 2021	
Current lease liability	\$	-	\$	160,211
Non-current lease liability		-		158,711
	\$	-	\$	318,922

Future undiscounted minimum lease payments for the lease agreements are as follows:

	December 31, 2022		December 31, 2021	
Within one year	\$	-	\$	192,942
After one year but not more than five years		-		196,971
More than five years		-		-
	\$	-	\$	389,913

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15. Convertible security

The Company has recorded the Convertible Security including the host contract and embedded derivative at fair value through profit and loss. The Convertible Security has been recorded at Level 3 in the fair value hierarchy.

The Convertible Security may be converted to common shares of the Company at a rate of no more than 1/24th of the face value of the Convertible Security in any given month and at a price per share equal to 85% of the volume weighted average price per share for the five consecutive trading days immediately prior to the conversion date. Lind reserves the right at any time to increase the conversion limit from 1/24th of the face value of the first closing to CAD\$500,000 per month, providing that increased amount does not exceed 15% of the aggregate trading volume of the shares for the immediately proceeding 20 days.

The Company has the right to buy-back the outstanding face value of the loan face value at any time with no penalty. If the Company elects to exercise its buy-back rights, Lind will have the option to convert up to 33% of such face value to common shares of the Company at the price that is equal to 85% of the volume weighted average price per share for the five consecutive trading days immediately prior.

The Convertible Security agreement contains a clause that allows Lind to convert an unlimited amount of the outstanding balance to shares under certain market capitalization or cash balance events. At December 31, 2022, the Company's market capitalization fell below the CAD\$26,900,000 level qualifying as a market capitalization event. As a result of this event, the Company has classified the Convertible Security as a current liability in the consolidated financial statements at December 31, 2022.

On February 18, 2022, the Company executed a convertible security funding agreement ("Convertible Security") for an initial principal amount (the "First Tranche") of \$2,748,423 (CAD\$3,500,000) and a potential additional amount of up to \$1,177,949 (CAD\$1,500,000) of convertible securities.

Pursuant to the agreement, the Company has issued to Lind Global Fund II, LP ("Lind") a convertible security with a face value of \$3,299,257 (CAD\$4,200,000), representing a principal amount of \$2,748,423 (CAD\$3,500,000) and an interest amount of \$550,834 (CAD\$700,000) on March 1, 2022. The First Tranche is due two years from the date of issuance and has a maturity date of March 1, 2024.

The First Tranche is secured by all the assets of the Company and bears interest at 10% per annum and matures on March 1, 2024. The First Tranche includes covenants typical and customary for secured convertible securities of this nature. The Company must comply with the covenants on a regular basis. As at December 31, 2022, the Company has met the covenants.

In relation to the First Tranche, the Company issued to Lind 7,947,321 warrants of the Company exercisable for a term of 48 months from the date of their issuance, subject to acceleration, with a warrant exercise price of CAD\$ 0.28626, being 130% of the 20-day VWAP of the shares, immediately prior to execution of the agreement (Note 7 (d)).

On the issuance date, the fair value of the First Tranche was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 73% based on historical volatility of the Company's common shares, risk-free rate of 1.42%, share price on issuance date of CAD\$0.24 and expected life of two years. The fair value of the First Tranche of the convertible security was \$3,283,513, which resulted in a loss of \$492,667 compared to funding proceeds received of \$2,669,245 net of commitment fees of \$121,601. The Company determined that this loss cannot be recognized immediately in the consolidated statement of loss, but rather should be deferred against the liability components and realized over the term of convertible security in the financing costs, as factors that a market participant would include in pricing the instrument, including time, become observable.

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15. Convertible security (continued)

On July 18, 2022, the Company issued to Lind a second convertible security (the "Second Tranche") under the agreement with a face value of \$1,396,865 (CAD\$1,800,000), representing a principal amount of \$1,164,054 (CAD\$1,500,000) and an interest amount of \$232,811 (CAD\$300,000). The Second Tranche is due two years from the date of issuance and has a maturity date of July 18, 2022.

The Second Tranche is secured by all the assets of the Company and bears interest at 10% per annum and matures on July 18, 2024. The Second Tranche includes covenants typical and customary for secured convertible securities of this nature. The Company must comply with the covenants on a regular basis.

In relation to the Second Tranche, the Company issued to Lind 12,711,864 warrants of the Company exercisable for a term of 48 months from the date of their issuance, subject to acceleration, with a warrant exercise price of CAD\$0.1357, being 115% of the 10-day VWAP of the shares, immediately prior to execution of the agreement (Note 7 (d)).

On the issuance date, the fair value of the Second Tranche was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 66% based on historical volatility of the Company's common shares, risk-free rate of 3.26%, share price on issuance date of CAD\$0.115 and expected life of two years. The fair value of the Second Tranche of the convertible security was \$1,202,336, which resulted in a loss of \$35,202 compared to funding proceeds received of \$1,120,448, net of commitment fees of \$46,686. The Company determined that this loss cannot be recognized immediately in the consolidated statement of loss, but rather should be deferred against the liability components and realized over the term of convertible security in the financing costs, as factors that a market participant would include in pricing the instrument, including time, become observable.

At December 31, 2022, the fair value of the First Tranche was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 75.16% based on historical volatility of the Company's common shares, risk-free rate of 3.73%, share price on valuation date of CAD\$0.10 and expected life of 1.39 years.

At December 31, 2022, the fair value of the Second Tranche was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 71.78% based on historical volatility of the Company's common shares, risk-free rate of 3.09%, share price on valuation date of CAD\$0.10 and expected life of 1.77 years.

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15. Convertible security (continued)

Convertible Security		Tranche #1		Tranche #2		Total
Issued at fair value	\$	3,283,513	\$	1,202,336	\$	4,485,849
Early conversions		(1,137,339)		(303,181)		(1,440,520)
Loss (gain) on fair value adjustment		67,663		(56,381)		11,282
Effect of foreign exchange currency difference		(338,633)		59,062		(279,571)
Balance at December 31, 2022	\$	1,875,204	\$	901,836	\$	2,777,040
Unrecognized Day 1 Loss						
Unrecognized loss deferred at issuance	\$	(492,667)	\$	(35,202)	\$	(527,869)
Recognized loss during the year		205,465		8,380		213,845
Effect of foreign exchange currency difference		28,490		1,472		29,962
Balance at December 31, 2022	\$	(258,712)	\$	(25,350)	\$	(284,062)
Total balance at December 31, 2022	\$	1,616,492	\$	876,486	\$	2,492,978

Subsequent to December 31, 2022, the Company issued 9,278,373 shares on conversion of a portion of the outstanding convertible security.

16. Income taxes

(a) Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2021 - 26.5%) were as follows:

		2022		2021
Loss before income taxes from continuing operations	\$	(7,559,634)	\$	(10,900,424)
Expected income tax recovery based on statutory rate		(2,003,000)		(2,889,000)
Adjustment to expected income tax benefit:				
Share-based compensation		27,000		58,000
Non deductible items		(182,000)		1,308,000
Other		(21,000)		-
Change in benefit of tax assets not recognized		2,179,000		1,523,000
Deferred income tax provision (recovery) from continuing operations	\$	-	\$	-

(b) Deferred income taxes

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		2022		2021
Non-capital loss carry-forwards (Canada)	\$	56,855,000	\$	66,111,000
Share issue costs (Canada)		876,000		1,365,000
Other (Canada)		5,347,000		6,342,000
Capital loss carry-forwards (Canada)		82,304,000		44,265,000
	\$	145,382,000	\$	118,083,000

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16. Income taxes (continued)

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

As at December 31, 2022, the Company had estimated non-capital losses for Canadian income tax purposes of approximately \$56,855,000 (2021 - \$66,111,000) available to use against future taxable income. The non-capital losses expire between 2026 and 2040.

As at December 31, 2022, the Company had estimated non-capital losses for Romanian income tax purposes of approximately \$nil (2021 - \$nil) available to use against future taxable income.

17. Investments

On July 2, 2020, the Company received 96,211,544 shares of BlueLake Mineral (previously Nickel Mountain) valued at \$1,136,537 (SEK10,583,270) as consideration for the sale of Vilhelmina Mineral AB. At December 31, 2021, the Company had disposed of all shares of BlueLake Mineral and held no ownership in BlueLake Mineral.

Changes in the investments in BlueLake Mineral during the period were as follows:

	Common shares	
	#	\$
Balance, December 31, 2020	96,211,544	869,546
Mark-to-market loss on value of shares recorded in the consolidated statement of loss	-	(3,385)
Effect of foreign exchange currency difference	-	(552)
Reverse stock split 20:1	(91,400,966)	-
Sale of shares	(4,810,578)	(865,609)
Balance, December 31, 2021 and December 31, 2022	-	-

The BlueLake Mineral shares were valued using quoted prices for identical assets and therefore, had been recorded at Level 1 within the fair value hierarchy.

On January 11, 2021, BlueLake Mineral completed a reverse stock split merging 20 existing shares into one new share. Following this reverse stock split, the Company held 4,810,578 shares of BlueLake Mineral. During the year ended December 31, 2021, the Company disposed of 4,810,578 shares of BlueLake Mineral on the Swedish Nordic Growth Market ("NGM") stock exchange for proceeds of approximately \$601,821.

In May 2021, BlueLake Mineral spun off Mezhlisa Holding, a private oil company. As a result, the Company received 4,810,578 shares of the privately held Mezhlisa Holding recorded in the financial statements initially at estimated fair value of \$90,000 based on allocations suggested by BlueLake Mineral. The Mezhlisa Holding shares were sold during the year ended December 31, 2021 for proceeds of approximately \$16,642. These shares were classified as a Level 3 investment prior to the sale. These financial instruments were measured at fair value utilizing non-observable market inputs. Any net realized and unrealized gains were recognized in the consolidated statement of loss.

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18. Subsequent events

In February 2023, the Company issued 8,000,000 common shares in satisfaction of termination agreements with former members of senior management of the Company, as well as 1,184,210 common shares in satisfaction of RSUs outstanding with a terminated member of management.

Subsequent to December 31, 2022, the Company issued 9,278,373 shares on conversion of a portion of the outstanding convertible security. See Note 15.



Management Discussion and Analysis

For the year ended December 31, 2022

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

Date: March 28, 2023

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 year ended December 31, 2022. This MD&A should be read in conjunction with the Company’s consolidated financial statements and related notes as at and for the year ended December 31, 2022. The audited consolidated financial statements and related notes of Euro Sun have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise noted, all references to currency in this MD&A are in U.S. dollars.

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

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

Mr. Sivanesan Subramani, B.Sc. (Hons) Geology and Economic Geology, Pri.Sci.Nat. (400184/06), of Caracle Creek International Consulting MinRes (CCIC MinRes) (South Africa), an independent Qualified Person (as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) has reviewed and approved the scientific and technical information in this MD&A under the sections “Company Overview”, “Rovina Valley Project – History and Latest Developments”, “Rovina Valley Project Definitive Feasibility Study”, “Rovina Valley Project Preliminary Economic Assessment”, “2022 DFS Highlights”, “Highlights” and “Outlook”.

The scientific and technical information contained in this MD&A has been reviewed and approved by Dr. Andreas Rompel, PhD, a member of the South African Council for Natural Scientific Professions (Pr. Sci. Nat. 400274/04), FSAIMM, an independent consultant, who is a “Qualified Person” as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“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 consolidated financial statements as at and for the year ended December 31, 2022, 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 7.09 million ounces of gold grading 0.55 g/t and 1.41 billion pounds of copper grading 0.16%.

Rovina Valley Project – History and Latest Developments

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

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

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

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

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

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

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

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

On March 1, 2021 the company announced the results of the DFS including a resource update for the Colnic and Rovina deposits. This technical Report is filed in SEDAR in accordance with Standards for Disclosure for Mineral deposits.

In late 2022, SAMAX Romania SRL, a wholly owned subsidiary of the Company, received a notice of action from the Cluj County court regarding an action made by Asociatia Declic against SAMAX Romania SRL for the suspension of the environmental licence held by SAMAX Romania SRL with respect to the Rovina Valley project, followed by an action for annulment in respect of the same environmental licence.

The Cluj County court dismissed the grounds for suspension of the environmental licence. However, on appeal, the Cluj Court of Appeals overturned this verdict and admitted the suspension thereof. The Company will now file evidence with the Cluj County court to respond to the action for annulment of the environmental licence, which is pending and will continue to protect its rights and co-operate with the authorities for the development of the Rovina Valley project.

Rovina Valley Project Definitive Feasibility Study

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

Updated Definitive Feasibility Study

In June, 2021, the Company received new geotechnical laboratory testwork results as part of the work undertaken in the 2021 DFS. Based on these results, a decision was taken at this time to update the DFS with new mining plans for both the Colnic and Rovina open pits taking into account new pit design parameters.

Key Highlights from the updated DFS Include (summary table set out in Table 3):

- Pre-Tax NPV increased 41% to \$630 million, with an IRR of 22.7%, based on \$1,675/oz gold and \$3.75/lb copper
- Estimated to produce 1.47Moz of gold and 403Mlbs of copper over the life of the project at an AISC of \$787/gold equivalent ounce
- Approximately 43 million tonnes or 19% less waste material expected to be mined resulting in a 1.45:1 strip ratio over LOM
- The updated study incorporates the most current cost and capital expenditure data, with initial CAPEX of \$448 million
- The Rovina Valley Project incorporates dry stack tailings and is a cyanide free operation

Rovina Valley Project Resource Estimate Update

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

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

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

The March 2021 mineral resource estimate for the Rovina and Colnic deposits is, therefore, updated to reflect current metal prices and updated operating parameters derived during the DFS and to make it current and in conformance with the 2014 Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Mineral Resource and Mineral Reserve definitions referred to in the NI 43-101, Standards of Disclosure for Mineral Projects. Mr Sivanesan Subramani, BSc Hons (Geology), Pri.Sci.Nat. (400184/06), is the QP for this mineral resource estimate. The mineral resources are constrained to a Lerchs-Grossmann pit shell using different metal equivalent cut-off grades for the Rovina and Colnic deposits. The geological model and mineral resource block models remain unchanged in this current estimate. The mineral resource estimate for Ciresata remains unchanged from February 2019.

As part of the updated DFS, mineral resource estimates were also again updated. Table 1 summarises the latest mineral resource estimates for the Rovina and Colnic deposits, stated above a 0.25 % Cu equivalent grade cut-off for the Rovina deposit, and above a 0.35 g/t Au equivalent grade cut-off for the Colnic deposit. The total Measured mineral resources for the Rovina and Colnic deposits amount to 62.2 Mt grading at 0.49 g/t Au and 0.21 % Cu, containing 0.99 Moz Au and 288 Mlb Cu; with the Au equivalent grading of 0.79 g/t. The total Indicated mineral resources for the Rovina and Colnic deposits amount to an additional 182.7 Mt grading at 0.39 g/t Au and 0.15 % Cu, containing 2.28 Moz Au and 607 Mlb Cu, with the Au equivalent grading of 0.60 g/t.

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

Deposit	Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (Moz)	Cu (Mlb)	Au Eq* (g/t)	Au Eq* (Moz)
Colnic	Measured	29.2	0.65	0.12	0.61	74	0.81	0.76
	Indicated	103.6	0.48	0.10	1.61	224	0.62	2.07
Rovina	Measured	33.2	0.36	0.29	0.38	213	0.77	0.82

Deposit	Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (Moz)	Cu (Mlb)	Au Eq* (g/t)	Au Eq* (Moz)
	Indicated	79.1	0.26	0.22	0.67	384	0.57	1.46
Colnic & Rovina	Measured	62.4	0.49	0.21	0.99	288	0.79	1.58
	Indicated	182.7	0.39	0.15	2.28	607	0.60	3.53
Total	Measured & Indicated	245.1	0.42	0.17	3.27	895	0.65	5.11

Notes:

- *Au and Cu Equivalent determined by using a long-term gold price of US\$1,700/oz and a copper price of US\$3.50/lb with metallurgical recoveries not taken into account.
- Mineral Resources are reported inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- Mineral Resources are contained within a conceptual pit shell that are generated using the same economic and technical parameters as used for Mineral Reserves but at gold price of US\$1,700/oz and a copper price of US\$3.50/lb.
- Colnic and Rovina deposits are amenable to open pit mining and Mineral Resources are Pit constrained and tabulated at a base case cut-off grade of 0.35 g/t AuEq for Colnic and 0.25 % CuEq for Rovina
- Minor summation differences may occur, because of rounding.
- Mineral Resource estimates follow the CIM definition standards for Mineral Resources and Reserves and have been completed in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument 43-101.

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

Table 2: 2019 Mineral Resource Estimate – Ciresata Deposit

Deposit	Resource Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (Moz)	Cu (Mlb)	AuEq* (g/t)	AuEq* (Moz)
Ciresata	Measured	28.5	0.88	0.16	0.81	102	1.13	1.03
	Indicated	125.9	0.74	0.15	3.01	413	0.97	3.92
	Inferred	8.6	0.70	0.14	0.19	26	0.94	0.25
Total	Measured & Indicated	154.4	0.77	0.15	3.82	515	1.00	4.95

NOTES:

1. The Ciresata deposit is amenable to bulk underground mining and resources are tabulated at a base case 0.65 g/t AuEq.
2. No Mineral Reserves have been defined at the Ciresata deposit. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
3. Minor summation differences may occur as a result of rounding.

* The Au and Cu equivalents were determined by using a long-term gold price of US\$1,500/oz and a copper price of US\$3.50/lb.

Source: From Table 14-20, AGP PEA NI 43-101 2019 Report (available on SEDAR)

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

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

Table 3: 2022 Updated DFS Highlights

2022 DFS Highlights	Life of Mine	First 10 Years
Gold price	\$1,675/oz	
Copper price	\$3.75/lb	
Processing Rate	21,000 tonnes per day	
Mine Life	17.2 years	
Average annual gold equivalent production	136,000 ounces	139,000 ounces
Average annual gold production	82,000 ounces	107,000 ounces
Average annual copper production	23.2 million pounds	14.0 million pounds
All-in sustaining costs	\$787/oz Au eq	\$823/oz Au eq
Pre-strip Capital	\$14.1 million	
Initial Capital	\$447.7 million	
Sustaining Capital	\$68.3 million	
Pre-Tax NPV (5% discount rate)	\$630 million	
Pre-Tax IRR	22.7%	
Post-Tax NPV (5% discount rate)	\$512 million	
Post-Tax IRR	20.5%	

The updated DFS was prepared by NEW SENET Pty. Ltd. and Caracle Creek International Consulting MinRes (CCIC MinRes) (South Africa). The updated DFS was filed on SEDAR (on March 21, 2022, in accordance with *National Instrument 43-101: Standards of Disclosure for Mineral Projects* (“NI 43-101”).

The updated DFS has defined maiden reserves for the Rovina Valley Project for the Colnic and Rovina deposits shown in Table 4. The Ciresata deposit, which is amenable to bulk underground mining, was not considered in the current DFS, but will be evaluated in future studies.

Table 4: 2022 Mineral Reserves Estimate – Colnic and Rovina Deposits

Deposit	Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Au (koz)	Cu (t)
Colnic	Proven	25.60	0.65	0.11%	535.0	28,158.7
	Probable	47.99	0.55	0.09%	848.6	43,190.4
Rovina	Proven	22.58	0.34	0.29%	243.3	67,005.8
	Probable	27.13	0.24	0.22%	211.6	60,166.7
Colnic & Rovina	Proven	48.18	0.50	0.20%	778.3	94,164.6
	Probable	75.12	0.44	0.14%	1 060.2	103,357.2
Total	Proven & Probable	123.30	0.47	0.16%	1 838.5	197,522

The Mineral reserve estimate uses a base gold price of \$1,550/oz and a base copper price of \$3.30/lb

Notes:

- *All tonnes quoted are dry tonnes. Differences in the addition of deposit tonnes to the total displayed is due to rounding.*
- *The estimate of Rovina Valley Gold Project Mineral Reserves are not at this stage materially affected by any known environmental, permitting, legal, title, taxation, socioeconomic, marketing, political, or other relevant issue. Furthermore, the estimate of Project Reserves is not materially affected by any known mining, metallurgical, infrastructure, or other relevant factor.*
- *Mineral Reserve estimates follow the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions standards for Mineral Resources and Reserves and have been completed in accordance with the Standards of Disclosure for Mineral Projects as defined by National Instrument 43-101.*

Further information on the Rovina Valley Project, including the 2022 updated Definitive Feasibility 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. The Company having completed an updated DFS in Q1 2022, is currently advancing Environmental Assessment studies for land re-zoning and environmental permitting (see Outlook below).

Highlights

Updated Definitive Feasibility Study

An Updated Definitive Feasibility Study (DFS) was completed on February 9, 2022 with results as shown in Table 3. These improved results show average annual gold equivalent production of 139,000 ounces in years 1-10, consisting of 107,000 ounces of gold and 14 million pounds of copper per annum, an average AISC of \$823/gold equivalent ounces in years 1-10, with an initial capex of \$447.7 million. The final NI 43-101 compliant technical report supporting the Definitive Feasibility Study was filed on March 23, 2022 and is uploaded to SEDAR.

Additional laboratory testwork confirmed geotechnical data which was not available during the initial DFS published in 2021. These geotechnical improvements allowed an improved mining schedule which optimizes gold and copper production while reducing waste movement resulting in more favorable economics.

Planul Urbanistic Zonal (PUZ) and Strategic Environmental Assessment

The draft PUZ in conjunction with the SEA was submitted to the Hunedoara County Council and 17 additional working groups on March 31, 2022. This important step in the permitting process represents the next to last step prior to obtaining the Construction authorization.

The Company maintains open dialogue with all working groups and responds to questions or clarifications as requested by these working groups.

The environmental endorsement is a requirement for the PUZ, with the current suspension of the Company's environmental license, the Company will not be able to advance the PUZ until the license suspension is resolved.

Convertible security

On February 18, 2022, the Company entered into a convertible security funding agreement for an initial principal amount of \$2,748,423 (CAD\$3,500,000) and a potential additional amount of up to \$1,177,949 (CAD\$1,500,000) of convertible securities. The convertible security is due two years from the date of issuance. Under the terms of the agreement, the drawn down loan amount will accrue at a rate of 10% per annum. The first tranche of \$2,748,423 (CAD\$3,500,000), less fees of \$119,758 (CAD\$152,500), was drawn on March 1, 2022. The Company issued a convertible debenture with a face value of \$3,299,257 (CAD\$4,200,000), which included interest of \$550,834 (CAD\$700,000).

On July 18, 2022, the Company issued to Lind a second convertible security (the "Second Tranche") under the agreement with a face value of \$1,396,865 (CAD\$1,800,000), representing a principal amount of \$1,164,054 (CAD\$1,500,000) and an interest amount of \$232,811 (CAD\$300,000). The Second Tranche is due two years from the date of issuance and has a maturity date of July 18, 2024.

SEA Review

The Public Meeting associated with the SEA review was held on Tuesday May 31, 2022. This meeting was led by the Hunedoara County EPA with Euro Sun representatives.

Before, during and after the Public Meeting about the SEA, questions and comments about the project were fielded to the Company and Hunedoara County EPA. Each of these questions and comments are addressed by the Company to

the EPA for consideration in their technical review of the SEA. This critical process is now complete and the Hunedoara County EPA issued a formal approval certificate for the SEA on August 18, 2022.

Private placements

On November 30, 2022, the Company closed the first tranche of its non-brokered private placement financing issuing 41,790,000 common shares at \$0.05 per common share for gross proceeds of \$1,546,861 (CAD\$2,089,500).

On December 14, 2022, the Company closed the second tranche of its non-brokered private placement financing issuing 2,500,000 common shares at \$0.05 per common share for gross proceeds of \$92,176 (CAD\$125,000).

Outlook

The Company's primary focus is to complete the remaining two approvals for the PUZ approval process as soon as practical.

Sixteen of eighteen required review group approvals have been received to date regarding the PUZ.

The Company continues to work diligently in these final PUZ and EIA permitting steps and dialogues closely with local and national authorities for timely approval which allows construction to begin. Meanwhile, the Project team continues basic and detailed engineering work, bridge engineering and front-end engineering design.

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

Selected Annual Information

	2022	2021	2020
Net loss for the year	\$ (7,559,634)	\$(10,900,424)	\$(11,938,621)
Basic and diluted loss per share from continuing operations	(0.04)	(0.06)	(0.08)
Basic and diluted loss per share from discontinued operations	-	-	(0.01)
Total assets	\$ 1,489,514	\$ 15,511,607	\$ 10,231,275
Number of weighted average shares	185,611,665	173,210,582	144,082,453

Selected Quarterly Financial Information

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

For the quarters ended	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Net loss	\$ (1,953,478)	\$ (1,745,251)	\$ (1,245,871)	\$ (2,615,034)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
For the quarters ended	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Net loss	\$ (2,799,927)	\$ (2,593,854)	\$ (2,757,686)	\$ (2,748,957)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.02)

Results of operations for the three and twelve months ended December 31, 2022

Selected financial information

	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Loss from operations	\$ (1,953,478)	\$ (2,799,927)	\$ (7,559,634)	\$(10,900,424)
Loss per share from operations	(0.01)	(0.02)	(0.04)	(0.06)
Expenses:				
Consulting and management fees	\$ 410,186	\$ 294,183	\$ 1,161,882	\$ 1,483,521
Professional fees	24,543	35,038	218,887	309,013
General office expenses	11,751	39,761	61,494	149,053
Travel expenses	6,929	13,591	7,245	50,011
Shareholder communications and filing fees	18,608	124,334	113,869	1,260,501
Share-based compensation	(154,206)	(266,653)	(52,455)	218,582
Change in fair value of convertible debenture	677,403	-	(11,282)	-
Change in fair value of investments	-	(6)	-	3,385
Other expenses	(161,661)	(59,348)	151,011	(139,969)
Loss on asset disposal	115,396	-	294,979	-
Financing fees	(1,035)	-	1,657,558	-
Loss on convertible debenture	213,845	-	213,845	-
Loss on sale of investment	-	232,494	-	232,494
	\$ 1,161,759	\$ 413,394	\$ 3,817,033	\$ 3,566,591
Exploration and evaluation expenditures:				
Consulting and technical	\$ 474,947	\$ 1,767,868	\$ 2,132,931	\$ 2,571,406
Feasibility study	64,715	69,344	116,482	1,664,764
Surface rights	87	(227,907)	195,234	312,699
Environmental studies	94,328	118,482	632,951	1,046,208
Field office support and administration	129,349	571,474	504,176	1,429,398
Depreciation	28,292	87,272	160,827	309,358
	\$ 791,718	\$ 2,386,533	\$ 3,742,601	\$ 7,333,833

Results of operations for the three months ended December 31, 2022 (“Q4 2022”)

The net loss for Q4 2022 was \$1,953,478 compared to a net loss of \$2,799,927 for Q4 2021. The associated loss per share was \$0.01 in Q3 2022 and \$0.02 in Q4 2021.

Consulting costs incurred during Q4 2022 were \$410,186 compared to \$294,183 in the comparative period. This increase was primarily due to termination fees for some management consultants in 2022.

Professional fees of \$24,543 in Q4 2022 compared to \$35,038 in Q4 2021. This decrease was primarily due to legal fees associated with efforts to raise capital for the Company in 2021.

General office expenses of \$11,751 in Q4 2022 compared to \$39,761 in Q4 2021. This decrease was primarily due to reduced spending in 2022 in an effort to cut costs.

Shareholder communications and filing fees of \$18,609 compared to \$124,334 in Q4 2021. The decrease was primarily due to marketing campaigns in 2021 that were not repeated in 2022.

The Company has decreased its exploration and evaluation expenditure in Q4 2022 to \$791,718 from \$2,386,533 in the comparative period. This change is primarily due to decreased field office costs and depreciation, and consulting and technical fees in 2022.

Results of operations for the year ended December 31, 2022 (“Q4 2022 YTD”)

The net loss from continuing operations for Q4 2022 YTD was \$7,559,634 compared to a net loss of \$10,900,424 for Q4 2021 YTD. The associated loss per share was \$0.04 in Q4 2022 YTD and \$0.06 in Q4 2021 YTD.

Consulting costs incurred during Q4 2022 YTD were \$1,161,882 compared to \$1,483,521 in the comparative period. This decrease was primarily due to a reduction in the number of consultants compared to 2021.

Professional fees of \$218,887 in Q4 2022 YTD compared to \$309,013 in Q4 2021 YTD. This decrease was primarily due to higher legal fees associated with efforts to raise capital for the Company in 2021 compared to 2022.

General office expenses of \$61,494 in Q4 2022 YTD compared to \$149,053 in Q4 2021. This decrease was primarily due to reduced spending in 2022 in an effort to cut costs.

Shareholder communications and filing fees of \$113,869 compared to \$1,260,501 in Q3 2021 YTD. The decrease was primarily due to marketing campaigns in 2021 that were not repeated in 2022.

The Company has decreased its exploration and evaluation expenditure in Q4 2022 YTD to \$3,742,601 from \$7,333,833 in the comparative period. This change is primarily due to decreased feasibility study costs, surface rights costs, environmental costs, field office costs and depreciation, and consulting and technical fees in 2022.

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 December 31, 2022, the Company had cash and cash equivalents of \$912,666 (December 31, 2021 - \$182,085) and negative working capital of \$4,482,827 (December 31, 2021 –\$2,622,609). The Company’s cash flow needs are for funding the continuing operations of the exploration work in Romania, working capital requirements and corporate

administration.

The recoverability of the amounts shown as assets of the Company is dependent upon the Company obtaining the necessary financing to complete the exploration of its property, the discovery of economically recoverable reserves, any permitting required for mining activities, including environmental, and future profitable operations.

Current market conditions to raise finance for development stage mining projects are challenging. Failure to raise sufficient finance and / or a default on the Company's convertible security would cast material uncertainty on the Company's ability to continue as a going concern.

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.

Financial Commitments, Contingencies and Litigation

Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$412,000 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 \$372,000 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

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

Key management personnel compensation:

	Year ended December 31, 2022	Year ended December 31, 2021
Directors and officers compensation	\$ 1,462,835	\$ 1,394,988
Share-based payments	224,066	253,697
	\$ 1,686,901	\$ 1,648,685

As at December 31, 2022, the Company had \$915,014 (December 31, 2021 - \$14,658) in accounts payable owing to various officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand.

In February 2023, the Company issued 8,000,000 common shares in satisfaction of termination agreements with former members of senior management of the Company, as well as 1,184,210 common shares in satisfaction of RSUs outstanding with a terminated member of management.

Significant Accounting Policies

The consolidated 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, 2021, with the exception of following policies.

Restricted share unit plan

Non-executive directors and executives are granted Restricted Share Units ("RSUs") under the terms of the Company's RSU Plan. Under the terms of the Company's RSU plan, the fair value of RSUs at the time of award is determined with reference to the weighted average trading price of the Company's common shares over the five trading days immediately preceding the date of award. The fair value of the RSUs, which are settled in shares of the Company issued from treasury, is recognized as a share-based compensation expense with a corresponding increase in contributed surplus.

Convertible security

The initial fair value of the convertible security was determined by valuing the components of the hybrid financial instrument, including the principal liability component and the conversion option component. At the date of issue, the fair value of the hybrid financial instrument was estimated using the benchmark yields based on the Company's credit rating.

The initial fair value of the convertible component was determined using a Geometric Brownian motion model.

Both components are recorded at fair value at the end of each period with the change in fair value recorded through the consolidated statement of loss.

Amended accounting standards

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended on January 1, 2022. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments did not have a significant impact on the Company's financial statements.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended on January 1, 2022. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments did not have a significant impact on the Company's financial statements.

Internal Control over Financial Reporting

Euro Sun's management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). Under their supervision, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions, acquisitions and dispositions of the assets of the Company; and
- Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

The CEO and CFO have certified that internal controls over financial reporting have been designed and are operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as at December 31, 2022. Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control 2013 ("COSO 2013") Framework to design the Company's internal control over financial reporting.

There were no changes in the Company's ICFR that have occurred during the period beginning on January 1, 2022 and ended on December 31, 2022 that have materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that disclosure controls and procedures and internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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, 2022 filed on SEDAR as well as the additional risk factor below on International Conflict.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's invasion of Ukraine has led to

sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices, supply chains, and global economies more broadly. Volatility in commodity prices and supply chain disruptions may adversely affect the Corporation's business, financial condition, financing options, and results of operations. The extent and duration of the current Russia-Ukraine conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this MD&A, the financial statements of the Corporation or the AIF, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on shareholders of the Corporation, and third parties with which the Corporation relies on or transacts, may materialize and may have an adverse effect on the Corporation's business, results of operation, and financial condition.

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) 261,047,641 common shares outstanding.
- b) 48,766,527 warrants outstanding with expiry dates ranging from June 5, 2023 to July 18, 2026 with exercise prices between CAD\$0.1357 and CAD\$0.55. If all the warrants were exercised, 48,766,527 shares would be issued for proceeds of CAD\$19,488,761.
- c) 8,720,000 stock options outstanding with expiry dates ranging from March 28, 2024 to February 17, 2023 with exercise prices from CAD\$0.05 to CAD\$0.73. If exercised, 8,720,000 shares would be issued for proceeds of CAD\$1,504,850.
- d) 8,279,808 deferred share units with no fixed expiry.
- e) 394,736 restricted 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.

