EURO SUN
MINING

Management Discussion and Analysis

For the three months ended March 31, 2023

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

Date: May 11, 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 three months ended March 31, 2023. This MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes as at and for the three months ended March 31, 2023, and its audited consolidated financial statements and related notes as at and for the year ended December 31, 2022. The unaudited condensed consolidated interim financial statements and related notes of Euro Sun have been prepared in accordance with IAS 34, Interim Financial Reporting. Unless otherwise noted, all references to currency in this MD&A are in U.S. dollars.

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

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

Mr. 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 three months ended March 31, 2023, 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

Management changes

On January 31, 2023, the Company announced the appointment of Kenny Choi as the Company's Corporate Secretary. Mr. Choi is a corporate lawyer who is a corporate secretary and legal consultant to various Canadian listed public companies.

Private placements

On April 29, 2023, the Company closed a non-brokered private placement financing of 19,750,000 Units at a price of CAD$0.05 per Unit for gross proceeds of $987,500. Each Unit consists of one common share and one half of a common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.075 until April 28, 2025.

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		March 31, 2023		December 31, 2022		September 30, 2022		June 30, 2022
Net loss	$	(1,492,942)	$	(1,953,478)	$	(1,745,251)	$	(1,245,872)
Basic and diluted loss per share		(0.01)		(0.01)		(0.01)		(0.01)

For the quarters ended		March 31, 2022		December 31, 2021		September 30, 2021		June 30, 2021
Net loss	$	(2,615,034)	$	(2,799,927)	$	(2,593,854)	$	(2,757,686)
Basic and diluted loss per share		(0.01)		(0.01)		(0.01)		(0.02)

Results of operations for the three months ended March 31, 2023

Selected financial information

	Three months ended March 31,	Three months ended March 31,
Loss from operations	**$ (1,492,942)**	$ (2,615,034)
Loss per share from operations	**(0.01)**	(0.01)
Expenses:		
Consulting and management fees	**$ 140,382**	$ 246,992
Professional fees	**26,014**	97,019
General office expenses	**17,018**	18,550
Travel expenses	**10,743**	143
Shareholder communications and filing fees	**37,002**	46,167
Share-based compensation	**379,569**	(36,941)
Change in fair value of convertible debenture	**119,252**	(130,200)
Other expenses	**50,725**	85,321
Loss on asset disposal	-	179,582
Financing fees	-	968,139
Loss on convertible debenture	**60,956**	-
	$ 841,661	$ 1,474,772
Exploration and evaluation expenditures:		
Consulting and technical	**$ 450,514**	$ 499,853
Feasibility study	-	90,029
Surface rights	-	84,802
Environmental studies	**53,397**	279,169
Field office support and administration	**138,891**	123,059
Depreciation	**8,479**	63,350
	$ 651,281	$ 1,140,262

Results of operations for the three months ended March 31, 2023 ("Q1 2023")

The net loss for Q1 2023 was $1,492,942 compared to a net loss of $2,615,034 for Q1 2022. The associated loss per share was $0.01 in Q1 2023 and $0.01 in Q1 2022.

Consulting costs incurred during Q1 2023 were $140,382 compared to $246,992 in the comparative period. This decrease was primarily due to a reduction in the number of consultants and a reduction in consultants' fees in 2023.

Professional fees of $26,014 in Q1 2023 compared to $97,019 in Q1 2022. This decrease was primarily due to legal fees associated with efforts to raise capital for the Company in 2022 that were not repeated in 2023.

Shareholder communications and filing fees of $37,002 in Q1 2023 compared to $46,167 in Q1 2022. The decrease was primarily due to lower stock exchange fees in 2023.

Share-based compensation of $379,569 in Q1 2023 compared to a reversal of $36,941 in Q1 2022. The increase is due to the issuance of stock options, DSUs and RSUs in 2023, compared to a reduction in value of DSUs in 2022.

The Company has decreased its exploration and evaluation expenditure in Q1 2023 to $651,281 from $1,140,262 in the comparative period. This change is primarily due to decreased feasibility study costs, surface rights costs, environmental study costs, 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 March 31, 2023, the Company had cash and cash equivalents of $17,660 (December 31, 2022 - $912,666) and negative working capital of $4,785,947 (December 31, 2022 –$4,482,827). 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 $567,000 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 $460,000 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:

	Three months ended March 31, 2023	Three months ended March 31, 2022
Directors and officers compensation	**$ 139,750**	$ 337,706
Share-based payments	**215,650**	59,232
	$ 355,400	$ 396,938

As at March 31, 2023, the Company had $320,601 (December 31, 2022 - $915,014) 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 unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2022, with the exception of the new policy below and the following amended policies.

Amended accounting standards

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. This amendment was adopted by the Company on January 1, 2023 and did not have a material impact on the Company's financial statements.

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. This amendment was adopted by the Company on January 1, 2023 and did not have a material impact on the Company's financial statements.

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. This amendment was adopted by the Company on January 1, 2023 and did not have a material 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 March 31, 2023. 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, 2023 and ended on March 31, 2023 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) 298,351,324 common shares outstanding.
b) 58,641,527 warrants outstanding with expiry dates ranging from June 5, 2023 to April 28, 2028 with exercise prices between CAD$0.075 and CAD$0.55. If all the warrants were exercised, 58,641,527 shares would be issued for proceeds of CAD$20,229,386.
c) 13,480,000 stock options outstanding with expiry dates ranging from March 28, 2024 to April 11, 2023 with exercise prices from CAD$0.05 to CAD$0.73. If exercised, 13,480,000 shares would be issued for proceeds of CAD$2,232,300.
d) 12,026,622 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.