



NOTICE OF 2019 ANNUAL MEETING OF  
SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

AND

ANNUAL REPORT FOR THE FINANCIAL  
YEAR ENDED DECEMBER 31, 2018

**(TSX: ESM)**  
[www.eurosunmining.com](http://www.eurosunmining.com)



**EURO SUN MINING INC.**  
65 Queen Street West, 8<sup>th</sup> Floor  
Toronto, Ontario, Canada  
M5H 2M5

**NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** the annual meeting (the "**Meeting**") of shareholders of Euro Sun Mining Inc. (the "**Corporation**") will be held at 65 Queen Street West, 8<sup>th</sup> Floor, Toronto, Ontario, Canada on Wednesday, July 17, 2019 at 10:00 a.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2018, together with the auditors' report thereon, and the unaudited consolidated financial statements of the Corporation for the three-month period ended March 31, 2019;
2. to elect the directors of the Corporation;
3. to re-appoint UHY McGovern Hurley LLP, Chartered Accountants, as auditors of the Corporation until the close of the next annual general meeting of shareholders and to authorize the directors to fix the remuneration of the auditors for the ensuing year; and
4. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

**DATED** at Toronto, Ontario, this 19<sup>th</sup> day of June, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"G. Scott Moore" (signed)*

G. Scott Moore  
Chief Executive Officer

Notes:

1. A Management Information Circular, Form of Proxy and Financial Statement Request Form accompany this Notice of Meeting. Registered shareholders who are unable to attend the Meeting in person are requested to sign and return the enclosed Form of Proxy to TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, Canada, M5H 4H1. The proxies to be used at the Meeting should be returned to TSX Trust Company before 10:00 a.m. (Toronto time) on Monday, July 15, 2019.
2. In accordance with the requirements of the *Canada Business Corporations Act*, the directors have fixed a record date of June 17, 2019. Accordingly, shareholders registered on the books of the Corporation as of June 17, 2019 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

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 meeting (the "**Meeting**") of shareholders of the Corporation to be held at 65 Queen Street West, 8<sup>th</sup> Floor, Toronto, Ontario, Canada on Wednesday, July 17, 2019 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.

It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally (including by phone or email) by directors, officers or employees of the Corporation. The cost of proxy solicitation will be borne by the Corporation.

Unless otherwise indicated, the information in this Circular is given as of June 19, 2019, and all dollar amounts are in Canadian dollars.

### APPOINTMENT, REVOCATION AND DEPOSIT 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, 200 University Avenue, Suite 300, Toronto, Ontario, Canada, M5H 4H1, at any time prior to 10:00 a.m. (Toronto time) on Monday, July 15, 2019.**

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.

The Corporation's registered office is located at 65 Queen Street West, 8<sup>th</sup> Floor, Toronto, Ontario, Canada, M5H 2M5.

## MANNER OF VOTING AND 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.

## VOTING BY BENEFICIAL SHAREHOLDERS

**The information set forth in this section is important to shareholders of the Corporation who do not hold Common Shares in their own name.**

Shareholders who hold Common Shares through their brokers, intermediaries, trustees or other nominees (such shareholders being collectively called "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the share register of the Corporation may be recognized and acted upon at the Meeting. If Common Shares are shown on an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases the name of such Beneficial Shareholders will not appear on the share register of the Corporation. Such Common Shares will most likely be registered in the name of the broker or an agent of the broker. Such Common Shares can only be voted by brokers, intermediaries, trustees or other nominees (collectively, the "**Intermediaries**" and any one is an "**Intermediary**") and can only be voted by them in accordance with instructions received from Beneficial Shareholders. **As a result, Beneficial Shareholders should carefully review the voting instructions provided by their Intermediary with this Circular and ensure that they communicate how they would like their Common Shares to be voted in accordance with those instructions.**

Most Intermediaries delegate responsibility for obtaining voting instructions from clients to a service company (a "**Service Company**"). The Service Company typically supplies voting instruction forms, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to the Service Company or to follow the alternative voting procedures detailed on the voting instruction form. The Service Company then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from a Service Company cannot use that form to vote Common Shares directly at the Meeting. Instead, the Beneficial Shareholder must return the voting instruction form to the Service Company or follow the alternative voting procedures, as mentioned above, well in advance of the Meeting in order to ensure that such Common Shares are voted.** Alternatively, a Beneficial Shareholder may be given a proxy that has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Beneficial Shareholder but which is not otherwise completed. Because the Intermediary has already signed the Form of Proxy, this Form of Proxy is required to be signed by the Beneficial Shareholder when submitting the proxy. In this case, the Beneficial Shareholder who wishes to vote by proxy should otherwise properly

complete the Form of Proxy and deliver it as specified above under the heading "Solicitation of Proxies".

In either case, the purpose of these procedures is to permit Beneficial Shareholders to direct the voting of Common Shares which they beneficially own. A Beneficial Shareholder who wishes to attend and vote at the Meeting in person (or to have another person attend and vote on behalf of the Beneficial Shareholder) should print the Beneficial Shareholder's (or such other person's) name in the blank space provided for that purpose in the first paragraph of the proxy form or, in the case of a voting instruction form, follow the corresponding instructions on that form. **In either case, Beneficial Shareholders should carefully follow the instructions of their Intermediary and its Service Company, as applicable.**

### **NON-OBJECTING BENEFICIAL HOLDERS**

These securityholder materials are being sent to both registered and non-registered owners Common Shares. The Corporation is sending the proxy-related materials for the Meeting directly to "non-objecting beneficial owners" ("**NOBOs**") as defined under National Instrument 54-101. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you (instead of through an Intermediary), your name and address and information about your NOBO holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding your shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding your shares on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. **Please return your voting instructions as specified in the request for voting instructions.**

### **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 72,408,794 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 June 17, 2019 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, 140,085 Common Shares representing approximately 0.19% 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, 2018, together with the auditors' report thereon, and the unaudited consolidated interim financial statements of the Corporation for the three-month period ended March 31, 2019. 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. The Board has fixed the number of directors to be elected at the Meeting at seven.

**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.**

Six of the nominees are current directors of the Corporation and one is a new nominee. 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 election, unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets out the name of each person proposed to be nominated for election as a director, his present principal occupation or employment, the date on which he 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 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.

Name of Proposed Nominee	Present Principal Occupation or Employment	Director Since	Common Shares beneficially owned, controlled or directed <sup>(1)</sup>
Stan Bharti Ontario, Canada Independent <sup>(2)</sup>	Executive Chairman Forbes & Manhattan Inc.	May 19, 2016	Nil
David C. Danziger <sup>(3)</sup> Ontario, Canada Independent <sup>(2)</sup>	Partner, MNP LLP, Chartered Professional Accountants	September 17, 2010	37,435
G. Scott Moore Ontario, Canada	Chief Operating Officer Forbes & Manhattan Inc.	August 4, 2016	102,650
Matthew Simpson <sup>(3)</sup> Ontario, Canada Independent <sup>(2)</sup>	President and CEO Black Iron Inc.	May 19, 2016	Nil

Name of Proposed Nominee	Present Principal Occupation or Employment	Director Since	Common Shares beneficially owned, controlled or directed <sup>(1)</sup>
Michael Barton <sup>(3)</sup> London, United Kingdom Independent <sup>(2)</sup>	Portfolio Manager Orion Mine Finance	November 8, 2018	Nil
Eva Bellissimo Ontario, Canada Independent <sup>(2)</sup>	Partner McCarthy Tétrault LLP	April 9, 2019	Nil
Tom Olesinski Ontario, Canada Independent <sup>(2)</sup>	Chief Executive Officer Havas Media Canada Chief Financial Officer Havas Worldwide Canada.	N/A	Nil

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**").
- (3) Member of the Audit Committee. Mr. Danziger is the Chairman of the Audit Committee. See also "Committees of the Board".

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.

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 Company 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](http://www.sedar.com). As of the date of this Circular, the Company has not received any notice of a shareholder's intention to nominate directors at the Meeting pursuant to the Advance Notice By-Law.

Other than as disclosed below under the heading "Management Cease Trade Order of the Corporation", 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, other than:
  - (i) Mr. David Danziger who was appointed a director of American Apparel, Inc. ("**American Apparel**"), a company listed on the NYSE MKT LLC exchange, on July 11, 2011 and resigned as director on June 14, 2015. Subsequently, on October 5, 2015, American Apparel announced that it had reached an agreement with its lenders to significantly reduce its debt and interest payments through a consensual pre-arranged reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. On October 6, 2015, American Apparel announced that it received a notification letter stating that the staff of NYSE regulation, Inc. determined to suspend trading immediately and commence proceedings to delist American Apparel's common stock from NYSE MKT LLC. The Chapter 11 reorganization was approved by the Court in January 2016;
- (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, except for Mr. Danziger in respect of American Apparel as disclosed above.

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.

#### Management Cease Trade Order of the Corporation

On April 16, 2014, the Ontario Securities Commission issued a permanent management cease trade order, which superseded a temporary management cease trade order dated April 4, 2014,

against Guy Charette, in his capacity as Interim CEO and Rishi Tibriwal, in his capacity as CFO. The permanent management cease trade order was issued in connection with the Corporation's failure to file its (i) audited annual financial statements for the period ended December 31, 2013, (ii) management's discussion and analysis relating to the audited annual financial statements for the period ended December 31, 2013, and (iii) corresponding certifications of the foregoing filings as required by National Instrument 52-109 – *Certification of Disclosure in the Issuer's Annual and Interim Filings*.

The management cease trade order was lifted on June 19, 2014 following the filing of the required continuous disclosure documents on June 17, 2014.

During the period of the management cease trade order, Mr. Danziger was a director of the Corporation.

### Committees of the Board

The Audit Committee of the Board is currently composed of three directors, being Messrs. Danziger (Chairman), Barton and Simpson.

The Corporate Governance and Nominating Committee of the Board is composed of three directors, being Messrs. Simpson (Chairman), Tagliamonte and Barton.

The Human Resources and Compensation Committee of the Board of Directors was composed of three directors, being Messrs. Reid (Chairman), Simpson and Danziger. Mr. Reid resigned as a director on March 26, 2019.

### **3. Appointment of Auditors**

Shareholders of the Corporation will be asked at the Meeting to re-appoint UHY McGovern Hurley LLP, Chartered 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, and to authorize the directors of the Corporation to fix the auditors' remuneration. UHY McGovern Hurley LLP, Chartered 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, 2018 and 2017.

<b>Service</b>	<b>2018</b>	<b>2017</b>
Audit Fees	51,000	50,800
Audit-Related Fees	Nil	Nil
Tax Fees	5,000	5,000
Other Fees	38,314	Nil
<b>Total:</b>	<b>94,314</b>	<b>55,800</b>

**Unless otherwise specified, the persons named in the enclosed Form of Proxy will vote FOR the said appointment of UHY 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 (the "**Compensation Committee**"). Based on recommendations from the 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 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 the 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 Compensation Committee:

- reviews and makes recommendations to the Board with respect to the overall compensation strategy and policies for directors and senior executives of the Corporation;
- reviews and makes recommendations to the independent members of the Board with respect to the corporate goals and objectives relevant to the compensation of the CEO and evaluates the performance of the CEO in light of those goals and objectives;
- makes recommendations to the independent members of the Board with respect to the compensation of the CEO based on this evaluation;
- reviews and makes recommendations to the independent members of the Board with respect to the compensation of the Chairman of the Board;
- reviews and approves the annual compensation of all other senior executives of the Corporation, as recommended by the CEO;
- oversees and approves grants and awards under the Corporation's long-term incentive plan;
- makes recommendations to the Board with respect to the Corporation's incentive compensation and share-based plans that are subject to the approval of the Board;
- researches and identifies trends in employment benefits; and
- establishes and periodically reviews of the Corporation's policies, if any, in the area of management benefits and perquisites.

The Compensation Committee consisted of Messrs. Reid, Simpson and Danziger, all of which are considered independent within the meaning of NI 52-110. Mr. Reid acted as the Chairman.

Each of the current members has direct experience relating to executive compensation matters, having served on similar committees of other publicly-traded companies, including other mining companies. The significant industry experience of each of the members of the Compensation Committee, either as directors or officers of 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 objectives of the Corporation's executive compensation program are to attract, retain, motivate and reward qualified and experienced executives that can progress the Corporation's strategy.

The compensation program is designed to incentivize such executives to achieve the annual and long-term business goals of the Corporation and to reward each senior executive officer for their achievements on the basis of individual, group and corporate performance.

While the Corporation does not have a formal compensation policy, the guiding philosophy of the Corporation's executive compensation program is to:

- align the interests of the CEO and executives with the interests of the Corporation's shareholders by linking their compensation to the performance of the Corporation;
- establish executive compensation on an individual basis in order to retain within the Corporation qualified and experienced individuals;
- ensure that compensation is fair and appropriate in the opinion of reasonable shareholders 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;
- designate an appropriate portion of compensation "at risk" that is variable and linked to individual, group and/or corporate performance;
- allocate an appropriate portion of variable compensation to equity based awards, aligning interests of the executives directly with those of shareholders;
- equitably manage compensation so that executives in similar positions and locations are rewarded commensurately; and
- effectively communicate goals and calculation methodologies so that they are understood by both executives and shareholders.

### Executive Compensation-Related Fees

For the financial year ended December 31, 2018, the Corporation did not pay any compensation-related fees. 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
2018	Nil
2017	Nil

### Elements of Executive Compensation

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

Element	Purpose
<b><u>Base Salaries/Fees</u></b>	<p>Base salaries/fees form an essential component of the Corporation's compensation strategy as a key to the Corporation remaining competitive, are 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 Compensation Committee and the Board consider the following:</p> <ul style="list-style-type: none"> <li>▪ the recommendations of the CEO (other than in respect of the CEO's compensation);</li> <li>▪ the particular responsibilities related to the position;</li> <li>▪ the experience, expertise and level of the executive officer; and</li> <li>▪ the executive officer's overall performance based on informal feedback.</li> </ul> <p>The emphasis placed on any of these factors is at the discretion of the Board and may vary among the executive officers.</p>
<b><u>Bonus Payments</u></b>	<p>The purpose of the Corporation's bonus 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 Corporation does not utilize a set of formal objective measures to determine bonus entitlements but rather determines bonus payments to executives in a discretionary manner on a case by case basis. The Compensation Committee, in making recommendations to the Board in respect of bonus awards, considers the achievement of certain corporate and technical milestones. In addition, no specific weights are assigned to any criteria individually, rather, the performance of the Corporation is broadly considered as a whole when determining the level of bonuses, if any, to be paid. The Corporation does not focus on any particular performance metric</p>
<b><u>Long-Term Incentives</u></b>	<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 does not utilize a set of formal objective measures to determine long-term incentive grants. Rather such grants are determined on a case by case basis having consideration to such</p>

	<p>grants previously awarded. There are no specific quantitative or qualitative measures associated with long-term incentive grants, and no specific weights are assigned to any criteria individually. The performance of the Corporation is broadly considered as a whole when determining long-term incentive awards, if any, and the Corporation does not focus on any particular performance metric.</p> <p>The Corporation grants subject to approval by the Board long-term incentive awards in the form of stock options ("<b>Options</b>") and deferred share units ("<b>DSUs</b>").</p> <p><b>Stock Options</b></p> <p>The 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 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><b>Deferred Share Units</b></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.</p> <p>DSUs are granted at the market value of Common Shares and are credited with additional DSUs reflecting any dividends paid.</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 a component of director compensation.</p> <p>DSUs are paid out in cash (or Common Share equivalent) 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>
<p><b><u>Benefits and Perquisites</u></b></p>	<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 Compensation Committee reviews and ensures that the compensation of the CEO complies with the principles underlying the Corporation's overall compensation philosophy. The 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; 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

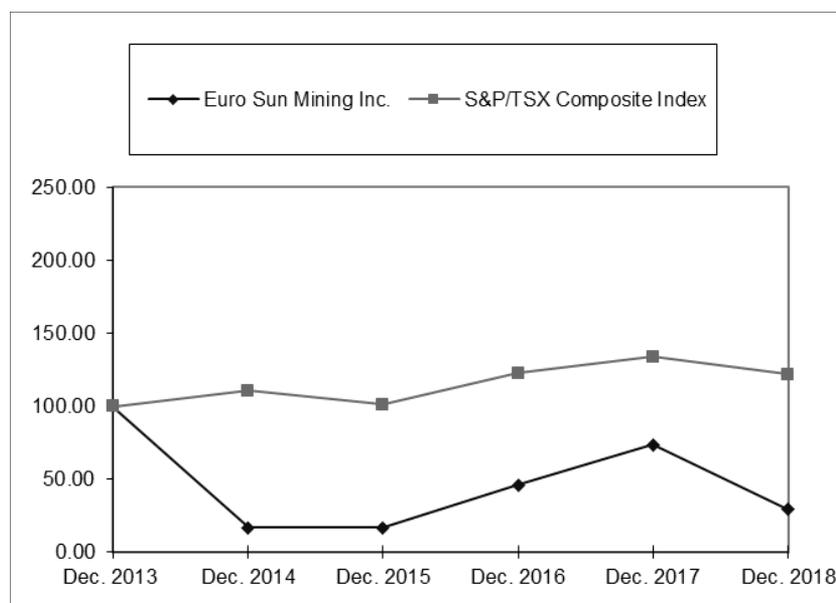
In light of the Corporation's size and the balance between long-term objectives and short-term financial goals with respect to the Corporation's executive compensation program, the Board does not deem it necessary to consider at this time the implications of the risks associated with its compensation policies and practices.

### Financial Instruments

Although the Corporation has not adopted any specific policies in this regard other than in connection with errors and omissions, in the event a director or Named Executive Officer (as defined herein) purchases financial instruments that are designed to hedge or offset a decrease in market value of the Corporation's equity securities granted as compensation or held, directly or indirectly, by the director or Named Executive Officer, such purchases must be disclosed in the insider reporting filings. To date, no such purchases have been disclosed by any director or Named Executive Officer of 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, 2013 against the cumulative shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years. The numbers have been adjusted to reflect the share consolidation which occurred in September 2016:



	Dec. 2013	Dec. 2014	Dec. 2015	Dec. 2016	Dec. 2017	Dec. 2018
Euro Sun Mining Inc.	100.00	16.67	16.67	45.88	73.41	29.36
S&P/TSX Composite Index	100.00	110.55	101.36	122.73	133.89	121.99

## 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 four Named Executive Officers during the financial year ended December 31, 2018.

The following table provides information regarding the compensation of the Named Executive Officers of the Corporation for the financial years ended December 31, 2016, 2017 and 2018.

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 five day volume weighted average share price at December 31, 2018.

					Non-equity incentive plan compensation (\$)				
Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Annual incentive plans <sup>(4)</sup> (\$)	Long-term incentive plans (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
G. Scott Moore <sup>(1)</sup> CEO	2018	360,000	446,500	Nil	Nil	Nil	Nil	Nil	806,500
	2017	360,000	Nil	Nil	250,000	Nil	Nil	Nil	610,000
	2016	222,580	Nil	896,993	150,000	Nil	Nil	Nil	1,269,573
Paul Bozoki <sup>(2)</sup> CFO	2018	108,000	35,250	Nil	Nil	Nil	Nil	Nil	143,250
	2017	108,000	Nil	Nil	20,000	Nil	Nil	Nil	128,000
	2016	63,000	Nil	224,248	10,000	Nil	Nil	Nil	297,248
Randall K. Ruff <sup>(3)</sup> Executive Vice President - Exploration	2018	US\$175,000	Nil	Nil	Nil	Nil	Nil	Nil	US\$175,000
	2017	US\$175,000	Nil	Nil	Nil	Nil	Nil	Nil	US\$175,000
	2016	US\$175,000	Nil	Nil	Nil	Nil	Nil	Nil	US\$175,000
Bradley Humphrey Vice President Corporate Development	2018	180,000	117,500	Nil	Nil	Nil	Nil	Nil	297,500
	2017	180,000	Nil	Nil	50,000	Nil	Nil	Nil	230,000
	2016	85,000	Nil	277,600	Nil	Nil	Nil	Nil	367,600

Notes:

- (1) Mr. Moore became the Corporation's CEO as of May 19, 2016. See also "Termination of Employment, Change in Responsibilities and Employment Contracts".
- (2) Mr. Bozoki became the Corporation's CFO as of June 1, 2016. See also "Termination of Employment, Change in Responsibilities and Employment Contracts".
- (3) Mr. Ruff was appointed COO on May 24, 2004. Effective February 1, 2008 Mr. Ruff was appointed Executive Vice President, Exploration. Mr. Ruff's employment agreement also provides for expatriate features. See also "Termination of Employment, Change in Responsibilities and Employment Contracts".
- (4) Represents bonus amounts, payable in cash.

### **Incentive Plan Awards**

Other than the Stock Option Plan and the DSU program, the Corporation has no other forms of long-term incentive plans.

### **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, 2018:

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 <sup>(3)</sup>	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 <sup>(4)</sup> (\$)
G. Scott Moore <sup>(1)</sup>	708,753	1.36	June 13, 2021	Nil	166,667	297,667	148,833
Paul Bozoki <sup>(2)</sup>	177,188	1.36	June 13, 2021	Nil	50,000	23,500	11,750
Randall K. Ruff	Nil	N/A	N/A	Nil	Nil	Nil	197,298
Bradley Humphrey	275,265	1.36	June 13, 2021	Nil	166,667	78,333	39,167

Notes:

- (1) Mr. Moore became the Corporation's CEO as of May 19, 2016.
- (2) Mr. Bozoki became the Corporation's CFO as of June 1, 2016.
- (3) Value of in-the-money Options at December 31, 2018, if any, is the difference between the exercise price of the Options and \$0.48, being the closing price of Common Shares on December 31, 2018 which was the last trading day of the financial year.
- (4) 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 DSU program, usually at the time of departure from the Corporation. See also "Long-Term Incentives" for details of the DSU program.

### **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, 2018:

Name	Value of option-based awards vested during 2018 <sup>(4)</sup> (\$)	Value of share-based awards vested during 2018 (\$)	Value of non-equity incentive plan compensation earned during 2018
G.Scott Moore <sup>(1)</sup>	Nil	148,833	Nil
Paul Bozoki <sup>(2)</sup>	Nil	11,750	Nil
Randall K. Ruff	Nil	Nil	Nil
Bradley Humphrey	Nil	39,167	Nil

Notes:

- (1) Mr. Moore became the Corporation's CEO as of May 19, 2016.
- (2) Mr. Bozoki became the Corporation's CFO as of June 1, 2016.

- (3) 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 Employment Contracts**

### **G. Scott Moore**

G. Scott Moore entered into a consulting agreement with the Corporation as of May 19, 2016 (the "**Moore Agreement**") for the services of Mr. Moore as Chief Executive Officer of the Corporation. Pursuant to the Moore Agreement, Mr. Moore receives a base fee of \$30,000 per month, plus applicable goods and services tax. Mr. Moore's base fee is reviewed on an annual basis, and he may be entitled to bonuses, stock options and benefits and the discretion of the Board.

The Moore Agreement provides for a severance payment equal to 36 months of base fees to be paid within 30 days of termination in the event the Corporation terminates the Moore Agreement without cause. The Moore 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. Moore or the Corporation shall have one year from the date of such change in control to elect to have Mr. Moore'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. Moore that is equivalent to 36 months of base fees plus an amount that is equivalent to all cash bonuses paid to Mr. Moore in the 36 months' prior to the change in control. Therefore, assuming a change of control occurred as at the year ended December 31, 2018, Mr. Moore would be entitled to \$1,480,000 upon a change of control. Following a change in control, all options granted to Mr. Moore shall be dealt with in accordance with the terms of the Stock Option Plan; however all options granted to Mr. Moore, but not yet vested, shall vest immediately. Similarly, following a change in control, all Common Shares issuable to Mr. Moore under any share compensation plan, but not yet issued, shall be issued immediately.

### **Paul Bozoki**

Pannonia Capital Inc. entered into a consulting agreement with the Corporation as of June 1, 2016 (the "**Bozoki Agreement**") for the services of Mr. Bozoki as Chief Financial Officer of the Corporation. Pursuant to the Bozoki Agreement, Mr. Bozoki receives a base fee of \$9,000 per month, plus applicable goods and services tax. Mr. Bozoki's base fee is reviewed on an annual basis, and he may be entitled to bonuses, stock options and benefits and the discretion of the Board.

The Bozoki Agreement provides for a severance payment equal to 24 months of base fees to be paid within 30 days of termination in the event the Corporation terminates the Bozoki Agreement without cause. The Bozoki 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. Bozoki or the Corporation shall have one year from the date of such change in control to elect to have Mr. Bozoki'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. Bozoki that is equivalent to 36 months of base fees plus an amount that is equivalent to all cash bonuses paid to Mr. Bozoki in the 36 months' prior to the change in control. Therefore, assuming a change of control occurred as at the year ended December 31, 2018, Mr. Bozoki would be entitled to \$354,000 upon a change of control. Following a change in control, all options granted to Mr. Bozoki shall be dealt with in accordance with the terms of the Stock Option Plan; however all options granted to Mr. Bozoki, but not yet vested, shall vest immediately. Similarly, following a change in control, all Common Shares issuable to Mr. Bozoki under any share compensation plan, but not yet issued, shall be issued immediately.

#### Randall K. Ruff

An employment agreement dated September 1, 2009, between Mr. Randall Ruff, currently the Executive Vice President, Exploration, and the Corporation (the "**Ruff Agreement**") has been approved by the Compensation Committee and the Board. The Ruff Agreement is for renewable terms of three years each beginning as of September 1, 2009 and provides for, among other things, an annual base salary of US\$200,000, plus expatriate features, including housing, while Mr. Ruff is based in Romania. Mr. Ruff's base salary is reviewed on an annual basis and he may be entitled to bonuses, stock options and benefits at the discretion of the Board. Mr. Ruff may terminate his employment at any time upon written notice to the Corporation.

Regarding matters of termination, the Ruff Agreement specifies that in the event where (i) the Corporation terminates his employment without cause; or (ii) he resigns for "good reason" as such term is defined in their employment agreements; or (iii) he resigns following a change in control (as defined below), he will be entitled to receive in a lump sum payment an amount equal to two times his annual base salary which shall be paid in a lump sum within ten days after such termination, and an amount equal to two times the highest bonus or similar compensation paid to him in any of the three years preceding the termination or resignation. Accordingly, in the event of any of the foregoing and based on his salary at December 31, 2018, Mr. Ruff would be entitled to a lump sum payment of US\$350,000. In addition, benefits, if any, to which he may be entitled, will be maintained for a minimum of one year from the date of termination. Finally, all options, whether vested or not shall become immediately exercisable for a period of 90 days thereafter after which time they will expire. In the event of termination for cause, compensation payable to any him will vary in accordance with the seriousness of the cause and can represent up to one year's annual base salary and bonus.

#### Bradley Humphrey

JB Mining Corporation entered into a consulting agreement with the Corporation as of September 1, 2016 (the "**Humphrey Agreement**") for the services of Mr. Humphrey as Vice-President, Corporate Development of the Corporation. Pursuant to the Humphrey Agreement, Mr. Humphrey receives a base fee of \$15,000 per month, plus applicable goods and services tax. Mr. Humphrey's base fee is reviewed on an annual basis, and he may be entitled to bonuses, stock options and benefits and the discretion of the Board.

The Humphrey Agreement provides for a severance payment equal to 12 months of base fees to be paid within 30 days of termination in the event the Corporation terminates the Humphrey Agreement without cause. The Humphrey 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. Humphrey or the Corporation shall have one year from the date of such change in control to elect to have Mr. Humphrey'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. Humphrey that is equivalent to 36 months of base fees plus an amount that is equivalent to all cash bonuses paid to Mr. Humphrey in the 36 months' prior to the change in control. Therefore, assuming a change of control occurred as at the year ended December 31, 2018, Mr. Humphrey would be entitled to \$540,000 upon a change of control. Following a change in control, all options granted to Mr. Humphrey shall be dealt with in accordance with the terms of the Stock Option Plan; however all options granted to Mr. Humphrey, but not yet vested, shall vest immediately. Similarly, following a change in control, all Common Shares issuable to Mr. Humphrey under any share compensation plan, but not yet issued, shall be issued immediately.

#### Definition of Change of Control

For the Moore Agreement, Bozoki Agreement and the Humphrey Agreement, "change of control" is defined as any one or more of the following events:

- (1) the acquisition, directly or indirectly, 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) or group of persons acting jointly or in concert, as such terms are defined in the Securities Act, Ontario of: (A) 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 25% or more of the votes entitled to be cast at a meeting of the shareholders of the Company; (B) 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 25% or more of the votes entitled to be cast a meeting of the shareholders of the material subsidiary; or (C) more than 25% of the material assets of the Company, including the acquisition of more than 25% of the material assets of any material subsidiary of the Company; or
- (2) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Company or any of its Affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Company for election to the Company's board of directors do not constitute a majority of the Company's board of directors.

For the Ruff Agreement, "change in control" is defined as any event whereby as a result thereof, an offeror (as the term "**offeror**" is defined in Section 89(1) of the *Securities Act* (Ontario) for the purposes of Section 101 of the *Securities Act* (Ontario), or any successor provision to either of

the foregoing), other than the Corporation, a Subsidiary or any employee benefit plan of either the Corporation or a Subsidiary, has acquired beneficial ownership (within the meaning of the *Securities Act* (Ontario)) of, or the power to exercise control or direction over, or securities convertible into, any voting or equity shares of the Corporation, that together with such offeror's securities (as the term "**offeror's securities**" is defined in Section 89(1) of the *Securities Act* (Ontario) or any successor provision thereto in relation to the voting or equity shares of the Corporation) would constitute voting shares of the Corporation representing more than 25% of the total voting power attached to all voting shares of the Corporation then outstanding or;

- (a) there is consummated any amalgamation, consolidation, statutory arrangement (involving a business combination) or merger of the Corporation,
  - (i) in which the Corporation is not the continuing or surviving corporation; or
  - (ii) pursuant to which any voting shares of the Corporation would be reclassified, changed or converted into or exchanged for cash, securities or other property, other than (in each case) an amalgamation, consolidation, statutory arrangement or merger of the Corporation in which either:
    - (A) the holders of the voting shares of the Corporation immediately prior to the amalgamation, consolidation, statutory arrangement or merger have, directly or indirectly, more than 25% of the Voting Shares of the continuing or surviving corporation immediately after such transaction, or
    - (B) such amalgamation, consolidation, statutory arrangement or merger, a majority of the directors on the board of directors of the continuing or surviving corporation are persons who were directors on the board of directors of the Corporation immediately before the signing of the agreement governing such amalgamation, consolidation, statutory arrangement or merger (the "**Continuing Directors**"), and no agreement is in place providing for the removal, resignation or other replacement of such Continuing Directors, and
- (b) immediately after such amalgamation, consolidation, statutory arrangement or merger, no person or group holds, directly or indirectly, more than 25% of the Voting Shares of the continuing or surviving corporation.

The Ruff Agreement also provide that, in the event of a change in control the executive automatically has the option of resigning his position, which option shall be exercised within 120 days from the effective date of the change of control, in which event said executive will be entitled to receive the severances outlined above. In the event where said option is not exercised, the provisions of his employment agreement will remain applicable thereafter.

## **Director Compensation**

### **Director 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, 2018:

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards <sup>(4)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Stan Bharti	Nil	Nil	Nil	Nil	N/A	360,000 <sup>(5)</sup>	360,000
Guy Charette <sup>(1)</sup>	Nil	Nil	Nil	Nil	N/A	Nil	Nil
David C. Danziger	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Justin Reid <sup>(2)</sup>	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Matthew Simpson	Nil	Nil	Nil	Nil	N/A	Nil	Nil
Peter Tagliamonte	96,000 <sup>(6)</sup>	Nil	Nil	Nil	N/A	Nil	96,000
Michael Barton <sup>(3)</sup>	Nil	Nil	Nil	Nil	N/A	Nil	Nil

Notes:

- (1) Mr. Charette was a founding director of the Corporation, but he resigned as a director on September 17, 2010 in order to accommodate the appointment of Mr. Danziger to the Board. He was re-elected as a director on May 12, 2011. Mr. Charette also served as the Interim Chief Executive Officer of the Corporation from January 23, 2014 to May 19, 2016. Mr. Charette resigned as director on November 12, 2018.
- (2) Mr. Reid resigned as a director on March 26, 2019.
- (3) Mr. Barton was appointed as a director on November 8, 2018.
- (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.
- (5) The Corporation has entered into an agreement with Forbes & Manhattan Inc. ("Forbes"), of which Mr. Bharti is the Executive Chairman, pursuant to which Forbes provides consulting services to the Corporation through a number of individuals, including administrative, financial and information technology services. Forbes provides various administrative, strategic and technical services to the Corporation through its team of geologists, mining engineers and financial professionals. The nature of services provided includes assistance with strategic planning and development of business plans, development of capital markets strategy, assessment of strategic transactions, including business, technical and geological, fostering public and governmental relationships and fostering relationships with strategic investors.
- (6) In respect of consulting services provided to the Corporation.

During the financial year ended December 31, 2018, directors were paid the fees and granted options and bonuses in their capacity as directors, committee members, committee chairs or as lead director, as the case may be, as set out in the table above.

## 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, 2018:

Name	Option-Based Rewards				Share-Based Awards		
	Number of Securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options <sup>(2)</sup>	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 <sup>(3)</sup>
Stan Bharti	708,753	1.36	June 13, 2021	Nil	616,667	289,833	144,917
Guy Charette <sup>(4)</sup>	354,376	1.36	June 13, 2021	Nil	Nil	Nil	Nil
David C. Danziger	354,376	1.36	June 13, 2021	Nil	56,667	26,633	14,762
Justin Reid <sup>(5)</sup>	354,376	1.36	June 13, 2021	Nil	56,667	26,633	13,317
Matthew Simpson	354,376	1.36	June 13, 2021	Nil	56,667	26,633	13,317
Peter Tagliamonte	708,753	1.36	June 13, 2021	Nil	100,000	47,000	23,500
Michael Barton <sup>(6)</sup>	Nil	N/A	N/A	N/A	Nil	Nil	Nil

### Notes:

- (1) Represents the total number of Options granted.
- (2) Value of in-the-money Options at December 31, 2018, if any, is the difference between the exercise price of the Options and \$0.48, being the closing price of Common Shares on December 31, 2018 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 DSU program, usually at the time of departure from the Corporation. See "Long-Term Incentives" for details of the DSU program.
- (4) Mr. Charette was a founding director of the Corporation, but he resigned as a director on September 17, 2010 in order to accommodate the appointment of Mr. Danziger to the Board. He was re-elected as a director on May 12, 2011. Mr. Charette also served as the Interim Chief Executive Officer of the Corporation from January 23, 2014 to May 19, 2016. Mr. Charette resigned as director on November 12, 2018.
- (5) Mr. Reid resigned as a director on March 26, 2019.
- (6) Mr. Barton was appointed as a director on November 8, 2018.

## 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, 2018:

Name	Value of option-based awards vested during 2018 <sup>(4)</sup> (\$)	Value of share-based awards vested during 2018 (\$)	Value of non-equity incentive plan compensation earned during 2018 (\$)
Stan Bharti	Nil	144,917	Nil
Guy Charrete <sup>(1)</sup>	Nil	Nil	Nil
David C. Danziger	Nil	13,317	Nil
Justin Reid <sup>(2)</sup>	Nil	13,317	Nil
Matthew Simpson	Nil	13,317	Nil
Peter Tagliamonte	Nil	23,500	Nil
Michael Barton <sup>(3)</sup>	Nil	Nil	Nil

Notes:

- (1) Mr. Charette was a founding director of the Corporation, but he resigned as a director on September 17, 2010 in order to accommodate the appointment of Mr. Danziger to the Board. He was re-elected as a director on May 12, 2011. Mr. Charette also served as the Interim Chief Executive Officer of the Corporation from January 23, 2014 to May 19, 2016. Mr. Charette resigned as director on November 12, 2018.
- (2) Mr. Reid resigned as a director on March 26, 2019.
- (3) Mr. Barton was appointed as a director on November 8, 2018.
- (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.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation has established a stock option plan to grant non-transferable Options to purchase Common Shares to directors, officers, employees of and consultants to the Corporation. Under the stock option plan, the number of Common Shares reserved for issuance will not exceed 10% of the total issued and outstanding Common Shares. The Corporation's current stock option plan, as amended from time to time, has been in place since 2007. The stock option plan was last approved at the annual general and special shareholders meeting held in 2017.

The number of Common Shares reserved for issuance to any individual director, officer, employee of, or consultant to the Corporation will not exceed 5% of the issued and outstanding Common Shares and the issuance to insiders of the Corporation, within any one-year period, will not exceed 10% of the issued and outstanding Common Shares.

Options are granted under the stock option plan for a maximum period of ten years from the date of grant.

Under the stock option plan, the exercise price of Options granted can be no less than the closing market price of Common Shares on the day before the Options are granted.

The following table sets out information with respect to compensation plans under which equity securities of the Corporation are authorized for issuance as at December 31, 2018:

<b>Plan Category</b>	<b>Securities to be issued upon Exercise of Outstanding Options and Rights (#)</b>	<b>Weighted-average Exercise Price of Outstanding Options and Rights (\$/Security)</b>	<b>Securities remaining available for future issuance under Equity Compensation Plans (#)</b>
Plans approved by security holders	7,006,760	0.96	254,119
Plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	7,006,760	0.96	254,119

### **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 April 1, 2019, which is available on SEDAR at [sedar.com](http://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, 2018, 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, 2018 to April 29, 2019 is \$12,500 plus applicable taxes.

In addition, the Corporation maintains “run-off” directors’ and officers’ liability insurance in the aggregate amount of \$15,000,000 to cover any matters that may be alleged to have occurred prior to April 29, 2016. The premiums for these “run-off” insurance policies for the period July 15, 2015 to April 29, 2022 total \$282,685 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.

## **SHAREHOLDERS' PROPOSALS**

The Corporation will review shareholder proposals intended to be included in proxy material for the next annual meeting of shareholders, expected to be held in May or June 2020, that are received by the Corporation no later than January 1, 2020.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://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](http://www.sedar.com) under the Corporation's issuer profile or from the Corporation by telephone at 416-309-4299 or by e-mail at [info@eurosunmining.com](mailto:info@eurosunmining.com). This information is also available on the Corporation's web site at [www.eurosunmining.com](http://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 19<sup>th</sup> day of June, 2019.

## **BY ORDER OF THE BOARD OF DIRECTORS**

*"G. Scott Moore" (signed)*

G. Scott Moore  
Chief Executive Officer

## 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 seven directors, four of whom are considered to be independent (being Ms. Bellissimo and Messrs. Danziger, Simpson and Barton). Mr. Moore, as the current CEO, is not considered independent. Mr. Bharti and Mr. Tagliamonte are also not considered independent. If elected at the Meeting, Mr. Olesinski will be 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 Corporate Governance and Nominating Committee, the Human Resources and Compensation Committee and the Environmental Health and Safety 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 as a whole, the committees of the Board and the contribution of individual directors, including, considering the appropriate size of the Board;
  - ensuring that an appropriate review and selection process for new nominees to the Board is in place;
  - ensuring that an appropriate orientation and education program for new members of the Board is in place;
  - 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;
- adopting a strategic planning process and approving, at least annually, a strategic plan that takes into account business opportunities and business risks identified by the Board and/or a committee of the Board and monitoring performance against such plans; and
- 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 Chairman of the Board

The Chairman of the Board shall be an independent director who is designated by the Board to act as the leader of the Board.

The Chairman 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.

The following are the responsibilities of the Chairman. The Chairman may delegate or share, where appropriate, certain of these responsibilities with the Corporate Governance and Nominating Committee and/or any other independent committee of the Board:

- chairing all meetings of the Board in a manner that promotes meaningful discussion;
- providing leadership to the Board to enhance the Board' effectiveness, including:
  - ensuring that the responsibilities of the Board are well understood by both management and the members of the Board;
  - ensuring that the Board works as a cohesive team with open communication;

- ensuring that the resources available to the Board (in particular timely and relevant information) are adequate to support its work;
  - together with the Corporate Governance and Nominating Committee ensuring that a process is in place by which the effectiveness of the Board and its committees (including size and composition) is assessed at least annually; and
  - together with the Corporate Governance and Nominating Committee ensuring that a process is in place by which the contribution of individual directors to the effectiveness of the Board is assessed at least annually;
- managing the Board, including:
    - preparing the agenda of the Board meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
    - adopting procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
    - ensuring meetings are appropriate in terms of frequency, length and content;
    - ensuring that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board;
    - ensuring that a succession planning process is in place to appoint senior members of management when necessary; and
    - working with the Corporate Governance and Nominating Committee and approaching potential candidates, when such are identified, to consider their interest in joining the Board;
  - acting as liaison between the Board and management to ensure that relationships between the Board and management are conducted in a professional and constructive manner. This involves working with the Corporate Governance and Nominating Committee to ensure that the Corporation is building a culture of integrity and good governance; and
  - at the request of the Board, representing the Corporation to external groups such as shareholders and other stakeholders, including community groups and governments.

#### 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
Stan Bharti	Sulliden Mining Capital Inc. Belo Sun Mining Inc. Aberdeen International Inc. African Gold Group Inc. Copper One Inc.

Director	Other Reporting Issuers
David C. Danziger	Eurotin Inc. CB2 Insights Inc. CryptoStar Corp. Poydras Gaming Finance Corp. JPJ Group plc (formerly Jackpotjoy plc) The Intertain Group Limited
G. Scott Moore	Blue Sky Energy Inc. Copper One Inc. Fura Gems Inc.
Matthew Simpson	Black Iron Inc.
Michael Barton	N/A
Eva Bellissimo	N/A
Tom Olesinski	Troilus Gold Corp.

### 3. Orientation and Continuing Education

While the Corporation has not yet developed 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. The Corporation does however ensure that all new directors receive a complete package outlining the securities law obligations and restrictions on members of the Board and the Corporation.

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.

A copy of the Code is available on the website of the Corporation at [www.eurosunmining.com](http://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 full Board. Every director is entitled to bring these matters to the Board. It is open to any one director to propose new nominees to the Board for consideration, and the Board as a whole reviews the qualifications of candidates for membership on the Board and the slate of candidates for directors to be nominated for election by shareholders of the Corporation at annual general meetings of its shareholders.

## **8. Compensation**

A Human Resources and Compensation Committee for the Corporation has been established and presently consists of three members of the Board (being Mr. Bharti, Mr. Simpson and Mr. Tagliamonte) with Mr. Bharti acting as Chairman. The Human Resources and Compensation Committee is responsible for reviewing the performance, compensation, hiring, professional development, recruitment and succession planning of the directors and executive officers of the Corporation as well as all Corporation-wide employee benefits programs, based on a formal annual report and periodic interim reports from management and its own independent investigations, and reports regularly to the full Board on these activities.

The mandate of the Human Resources and Compensation Committee is:

- reviewing, structuring and approving and then recommending to the Board salary, bonus, and/or other benefits, direct or indirect, and any change of control packages of the Chairman of the Board (if any), the President, the CEO and other members of the senior management team deemed appropriate by the Human Resources and Compensation Committee;
- recommendation of salary guidelines to the Board;
- reviewing and recommending to the Board appropriate compensation for the directors of the Corporation;
- administration of (where applicable) the Corporation's compensation plans, stock option plans, outside directors compensation plans, and such other compensation plans or structures as are adopted by the Corporation from time-to-time;
- research and identification of trends in employment benefits; and
- establishment and periodic review of the Corporations' policies in the area of management benefits and perquisites.

## **9. Board Performance Assessment**

Currently the Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its 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.

#### 10. **Diversity and Women on the Board of Directors and in Executive Positions**

The Corporation has not adopted a written policy specifically relating to the identification and nomination of women directors nor does the Board consider the level of representation of women when making executive officer appointments or set targets regarding women on the Board or in executive positions. However, informally, the Corporation values diversity, including, without limitation, diversity of experience, perspective, education, race, gender, sexual orientation and national origin as part of its overall business strategy. The Board intends to consider whether it should adopt specific policies and practices regarding the representation of women on the Board and in executive positions. As of the date hereof, one member of the Board is a woman (14%).

#### 11. **Board and Audit Committee Meeting Attendance**

During 2018, the Board met a total of 4 times. The Board's policy is to hold in-camera sessions with the independent directors at the end of each meeting of the Board to the extent required.

The following table summarizes meetings of the Board and the Audit Committee and individual director attendance at such meetings during the financial year ended December 31, 2018:

<b>Summary of Board and Committee Meetings Held (during the Financial Year ended December 31, 2018)</b>		
Board of Directors		4
Audit Committee		4
<b>Summary of Attendance by Director (during the Financial Year ended December 31, 2018)</b>		
<b>Director</b>	<b>Board Meetings Attended</b>	<b>Audit Committee Meetings Attended</b>
Stan Bharti	4	N/A
Guy Charette <sup>(1)</sup>	3	N/A
David C. Danziger	4	4
G. Scott Moore	4	N/A
Justin Reid <sup>(2)</sup>	4	4
Matthew Simpson	4	4
Peter Tagliamonte	4	N/A
Michael Barton <sup>(3)</sup>	1	N/A

Notes:

- (1) Mr. Charette was a founding director of the Corporation, but he resigned as a director on September 17, 2010 in order to accommodate the appointment of Mr. Danziger to the Board. He was re-elected as a director on May 12, 2011. Mr. Charette also served as the Interim Chief Executive Officer of the Corporation from January 23, 2014 to May 19, 2016. Mr. Charette resigned as director on November 12, 2018.
- (2) Mr. Reid resigned as a director on March 26, 2019.
- (3) Mr. Barton was appointed as a director on November 8, 2018.

# EUROSUN

MINING

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**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**(Expressed in United States Dollars)**

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## 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, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity 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, 2018 and 2017, 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 of \$7,215,770 during the year ended December 31, 2018 and, as of that date, the Company's current liabilities exceeded its current assets by \$486,519. 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.

### Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

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

UHY McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
March 29, 2019

# EURO SUN MINING INC.

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

As at:	December 31, 2018	December 31, 2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 460,704	\$ 5,906,115
Restricted deposits (Note 4)	21,991	23,914
Prepaid expenses and sundry receivables	527,027	220,518
<b>Total current assets</b>	<b>\$ 1,009,722</b>	<b>\$ 6,150,547</b>
Non-current assets		
Property, plant and equipment (Note 5)	513,605	254,885
Investment in associate (Note 6)	772,751	458,342
Deposits	76,585	76,585
<b>Total assets</b>	<b>\$ 2,372,663</b>	<b>\$ 6,940,359</b>
<b>Liabilities</b>		
Current liabilities		
Trade and other payables (Note 7 and Note 12)	\$ 501,538	\$ 594,762
Deferred share unit liability (Note 8)	994,703	37,546
<b>Total current liabilities</b>	<b>\$ 1,496,241</b>	<b>\$ 632,308</b>
Equity attributable to shareholders		
Share capital (Note 9)	212,605,103	210,605,103
Warrants (Note 9 (d))	2,205,265	2,650,549
Contributed surplus (Note 9 (c))	4,421,452	4,427,777
Accumulated deficit	(217,647,546)	(210,883,385)
Accumulated other comprehensive loss	(707,852)	(491,993)
<b>Total shareholders' equity</b>	<b>\$ 876,422</b>	<b>\$ 6,308,051</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,372,663</b>	<b>\$ 6,940,359</b>

Nature of operations and going concern (Note 1)  
Commitments and contingencies (Note 10 and Note 15)

Approved by the Board of Directors on March 29, 2019:

"David Danziger", Director

"Stan Bharti", 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, 2018	Year ended December 31, 2017
<b>Expenses</b>		
Consulting and management fees (Note 12)	\$ 1,544,895	\$ 2,420,837
Professional fees	137,030	95,165
General office expenses	193,372	210,744
Travel expenses	420,259	399,311
Shareholder communications and filing fees	201,887	608,084
Loss from investment in associate (Note 6)	150,838	19,270
Share-based compensation (Note 8 and 12)	1,054,669	15,328
Exploration and evaluation expenditures (Note 10)	3,665,190	2,754,590
Gain on foreign exchange	(150,615)	(682,507)
Interest income	(1,755)	(22,085)
Legal settlements	-	425,144
<b>Net loss for the year</b>	<b>\$ (7,215,770)</b>	<b>\$ (6,243,881)</b>
<b>Other comprehensive income (loss)</b>		
Cumulative translation adjustments	(215,859)	(640,333)
<b>Other comprehensive income (loss) for the year</b>	<b>\$ (215,859)</b>	<b>\$ (640,333)</b>
<b>Net comprehensive loss for the year</b>	<b>\$ (7,431,629)</b>	<b>\$ (6,884,214)</b>
Basic and diluted loss per share (Note 11)	\$ (0.12)	\$ (0.12)
Weighted average number of common shares outstanding - basic and diluted	58,240,301	51,770,126

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

# EURO SUN MINING INC.

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

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Shareholders' equity
Balance, December 31, 2016	\$ 202,320,836	\$ 2,627,351	\$ 4,679,005	\$ (204,890,732)	\$ 148,340	\$ 4,884,800
Stock option expiry (Note 9 (c))	-	-	(251,228)	251,228	-	-
Private placement (Note 9 (b))	8,456,207	-	-	-	-	8,456,207
Transaction costs (Note 9 (b))	(148,742)	-	-	-	-	(148,742)
Warrant grant (Note 9 (d))	(23,198)	23,198	-	-	-	-
Net loss and comprehensive loss	-	-	-	(6,243,881)	(640,333)	(6,884,214)
Balance, December 31, 2017	\$ 210,605,103	\$ 2,650,549	\$ 4,427,777	\$ (210,883,385)	\$ (491,993)	\$ 6,308,051
Warrant expiry (Note 9 (d))	-	(445,284)	-	445,284	-	-
Private placement (Note 9 (b))	2,000,000	-	-	-	-	2,000,000
Stock option forfeiture (Note 9 (c))	-	-	(6,325)	6,325	-	-
Net loss and comprehensive loss	-	-	-	(7,215,770)	(215,859)	(7,431,629)
Balance, December 31, 2018	\$ 212,605,103	\$ 2,205,265	\$ 4,421,452	\$ (217,647,546)	\$ (707,852)	\$ 876,422

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, 2018	Year ended December 31, 2017
<b>Cash flows from operating activities</b>		
Loss and comprehensive loss for the year	\$ (7,431,629)	\$ (6,884,214)
Adjustment for:		
Depreciation and amortization (Note 5)	91,573	7,695
Interest income	(1,755)	(22,085)
Loss from investment in associate (Note 6)	150,838	19,270
Deferred share units (Note 8)	1,054,669	15,328
	\$ (6,136,304)	\$ (6,864,006)
Prepaid expenses, sundry receivables and restricted deposits	(306,509)	(127,181)
Trade and other payables	(93,224)	(234,024)
Net cash used in operating activities	\$ (6,536,037)	\$ (7,225,211)
<b>Cash flows from investing activities</b>		
Interest income	1,755	22,085
Acquisition of property, plant and equipment (Note 5)	(350,293)	(230,144)
Investment in associate (Note 6)	(530,584)	(483,420)
Net cash used in investing activities	\$ (879,122)	\$ (691,479)
<b>Cash flows from financing activities</b>		
Proceeds from private placement (Note 9)	2,000,000	8,456,207
Share issuance costs (Note 9)	-	(148,742)
Net cash provided by financing activities	\$ 2,000,000	\$ 8,307,465
Effect of exchange rate changes on cash and cash equivalents	\$ (30,252)	\$ 4,238
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,445,411)	395,013
CASH AND CASH EQUIVALENTS, beginning of year	\$ 5,906,115	\$ 5,511,102
CASH AND CASH EQUIVALENTS, end of year	\$ 460,704	\$ 5,906,115

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, 2018 and 2017  
(Expressed in United States Dollars)

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## 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 65 Queen Street West, Suite 805, Toronto, Ontario, M5H 2M5.

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, 2018, the Company incurred a net loss of \$7,215,770 and as at December 31, 2018, reported an accumulated deficit of \$217,647,546 and negative working capital of \$486,519, including \$460,704 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. Management believes its working capital will be sufficient to support activities for the next twelve months and expects to raise additional funds when required and available. There can be no assurance that funds will be available to the Company with acceptable terms or at all. These matters constitute 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 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, 2018 and 2017  
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## 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 29, 2019.

### 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, 2018:

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

On April 19, 2017, Ore-Leave Capital (Barbados) Limited was continued into the British Virgin Islands from Barbados and was named Ore-Leave Capital Limited. On June 7, 2017, Ore-Leave Capital Limited and Samax Romania Limited merged, the surviving company is Samax Romania Limited and was continued into Cyprus from the British Virgin Islands on December 29, 2017.

# EURO SUN MINING INC.

Notes to consolidated financial statements  
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## 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 and the functional currency of each of its subsidiaries is the U.S. dollar.

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 (loss) income as cumulative translation adjustments. There is no tax impact on this translation.

### Financial instruments

#### *Financial assets*

#### **Accounting policy under IFRS 9 applicable from January 1, 2018**

### 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.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Sundry receivables held for collection of contractual cash flows, cash and cash equivalents and restricted deposits are measured at amortized cost.

#### **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 does not measure any financial assets at FVPL.

# EURO SUN MINING INC.

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

### Financial instruments (continued)

#### 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 earnings (loss).

#### 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. The Company does not measure any financial 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 remains in accumulated other comprehensive income or loss and 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.

#### 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 other accounts receivable, 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, accounts receivable have 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, which are measured at amortized cost, and its deferred share unit liability, 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 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.

#### 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  
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## 2. Significant accounting policies (continued)

### Accounting policy under IAS 39 applicable prior to January 1, 2018

The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities, excluding derivative instruments related to hedging activities, was similar to the accounting policy adopted in 2018, with the following exceptions:

The Company classifies its financial assets into one of the following categories:

*Fair value through profit or loss* - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss, and includes deferred share unit liability.

*Loans and receivables* - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. The Company classifies its cash and cash equivalents, restricted deposits and sundry receivable as loans and receivables.

*Held-to-maturity investments* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

*Available-for-sale* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive (loss) income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive (loss) income and recognized through profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

### *Financial liabilities*

The Company classifies its financial liabilities into one of two categories as follows:

*Fair value through profit or loss* - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

*Other financial liabilities*: This category consists of liabilities carried at amortized cost using the effective interest method and includes accounts payable and accrued liabilities.

Financial assets and liabilities are offset and the net amount is recorded in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle on a net basis, or realize the asset and settle the liability simultaneously.

# EURO SUN MINING INC.

Notes to consolidated financial statements  
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## 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. 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 quoted market price of the Company’s common shares at each reporting date with a corresponding change recorded in the consolidated statement of (loss) income.

### 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.

### 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.

# EURO SUN MINING INC.

Notes to consolidated financial statements  
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## 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 is 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 more accessible through the 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) income 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:

Office Equipment	-	4-10 years
Computer Equipment	-	5-10 years
Machinery & Equipment	-	4-10 years
Vehicles	-	4-5 years
Leasehold Improvements	-	1-10 years

### Investment in associates

An associate is an entity over which the Company has significant influence but not control. Investments in associates are based on the Company's ability to exercise significant influence over the operating and financial policies of the investee. Investments in associates are accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for additional investments made, dividends received and to recognize the Company's proportionate share of the associate's post acquisition income or loss.

The Company's share of the associate's profit or loss is recognised in the consolidated statement of loss, and its share of movements in other comprehensive income is recognised in the consolidated statement of other comprehensive loss with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

# 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.

### 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 and Romanian banks, 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)

### (Loss) income per share

Basic (loss) income per share is calculated by dividing net (loss) income attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. Diluted income 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 and warrants, if dilutive.

### 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.

# EURO SUN MINING INC.

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

### Accounting changes

During the year ended December 31, 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS 2, IFRS 9, IFRS 15, and IFRIC 22. These new standards and changes did not have any material impact on the Company's financial statements.

Effective January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2018. There were no effects on opening balances at January 1, 2018 with respect to the adoption of these policies.

### IFRS 9, *Financial Instruments*

IFRS 9 replaces International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
<b>Financial assets</b>		
Cash and cash equivalents	Loans and receivables	Amortized cost
Sundry receivables	Loans and receivables	Amortized cost
Restricted deposits	Loans and receivables	Amortized cost
<b>Financial liabilities</b>		
Trade and accrued liabilities	Other financial liabilities	Amortized cost
Deferred share unit liability	Fair value through profit or loss	FVPL

The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended December 31, 2017 was accounted for in accordance with the Company's previous accounting policy under IAS 39. Significant accounting policies which outline the current and previous accounting policies pertaining to financial instruments.

# EURO SUN MINING INC.

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

### IFRS 15, Revenue from Contracts with Customers

IFRS 15 establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, Construction contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers and Standard Interpretations Committee interpretation 31, Revenue – Barter Transactions Involving Advertising Services.

Under IFRS 15, revenue is recognized when control of a good or service transfers to a customer and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under IAS 18, revenue was recognized when the significant risks and rewards of ownership had been transferred to the customer and was measured at the fair value of the consideration received or receivable.

The adoption of IFRS 15 did not have a material impact on the Company's financial statements.

The Company adopted IFRS 15 retrospectively without restating comparatives and therefore the comparative information in respect of revenue for the year ended December 31, 2017 was accounted for in accordance with the Company's previous accounting policy under IAS 18. There are no differences in the current and previous accounting policies pertaining to revenue recognition.

### Future accounting standards issued but 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, 2019. 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.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

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## 2. Significant accounting policies (continued)

### Future accounting standards issued but not yet effective (continued)

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

There are no other standards/amendments or interpretations that are expected to have a significant effect on the consolidated financial statements of the Company.

## 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.

### Fair value of derivatives

Management estimates the fair values of its derivatives using valuation techniques which determine their present value based on available market data including expected future gold prices, future exchange rates and interest rates.

### 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  
For the years ended December 31, 2018 and 2017  
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## 3. Critical accounting estimates and judgments (continued)

### Share-based payments

The Company grants stock options to directors, officers, employees and consultants of the Company under its incentive stock option 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. Changes in assumptions used to estimate fair value could result in materially different results.

### Investment in associate

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of loss.

### 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.

### 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.

## 4. Restricted Deposits

As at December 31, 2018, restricted deposits consists of CAD\$30,000 (\$21,991) on deposit with the bank as security for the Company's corporate credit card (December 31, 2017 - CAD\$30,000 (\$23,914)).

# EURO SUN MINING INC.

Notes to consolidated financial statements  
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## 5. Property, plant and equipment

	Building in Progress	Leasehold improvements	Machinery, equipment & vehicles	Total
<b>Cost:</b>				
Balance, December 31, 2016	\$ -	\$ -	\$ 32,436	\$ 32,436
Additions	-	205,988	24,156	230,144
Balance, December 31, 2017	\$ -	\$ 205,988	\$ 56,592	\$ 262,580
Additions	<b>53,349</b>	<b>195,248</b>	<b>101,696</b>	<b>350,293</b>
<b>Balance, December 31, 2018</b>	<b>\$ 53,349</b>	<b>\$ 401,236</b>	<b>\$ 158,288</b>	<b>\$ 612,873</b>
<b>Depreciation:</b>				
At December 31, 2016	\$ -	\$ -	\$ -	\$ -
Depreciation charge for the year	-	-	7,695	7,695
Balance, December 31, 2017	\$ -	\$ -	\$ 7,695	\$ 7,695
Depreciation charge for the year	-	<b>59,348</b>	<b>32,225</b>	<b>91,573</b>
<b>Balance, December 31, 2018</b>	<b>\$ -</b>	<b>\$ 59,348</b>	<b>\$ 39,920</b>	<b>\$ 99,268</b>
<b>Net book value:</b>				
At December 31, 2017	\$ -	\$ 205,988	\$ 48,897	\$ 254,885
<b>At December 31, 2018</b>	<b>\$ 53,349</b>	<b>\$ 341,888</b>	<b>\$ 118,368</b>	<b>\$ 513,605</b>

As at December 31, 2018, the carrying value of property, plant and equipment is comprised of \$nil in corporate and other (December 31, 2017 – \$nil) and \$513,605 in Romania (December 31, 2017 - \$254,885).

# EURO SUN MINING INC.

Notes to consolidated financial statements  
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## 6. Investment in Vilhelmina Minerals Inc.

On September 26, 2017, the Company purchased 600,000 common shares of Vilhelmina Minerals Inc., a private company incorporated in Canada engaged in the exploration and development of metals, for CAD\$600,000 (\$483,420). In April 2018, the Company purchased an additional 600,000 common shares of Vilhelmina Minerals Inc. for CAD\$600,000 (\$476,430), and in December 2018, the Company purchased 74,000 common shares of Vilhelmina Minerals Inc. for CAD\$74,000 (\$54,244), increasing its ownership interest in Vilhelmina Minerals Inc. to 36.3% (2017 - 33%). Vilhelmina Minerals Inc. currently holds a 44.5% ownership interest in Vilhelmina Mineral AB ("Vilhelmina"), a private company which owns an interest in an exploration and evaluation property. Vilhelmina Mineral AB is located in Sweden, and Mr. Scott Moore, an officer and director of the Company, is a director of Vilhelmina.

Management has determined the Company has significant influence over Vilhelmina Minerals Inc. The investment is considered an associate and is accounted for using the equity method.

Changes in the investment in associate for the year ended December 31, 2018 and the year ended December 31, 2017 were as follows:

Balance, December 31, 2016	\$	-
Acquisition of 600,000 shares at cost		483,420
Proportionate share of net loss		(19,270)
Effect of foreign exchange		(5,808)
Balance, December 31, 2017	\$	458,342
Acquisition of 674,000 shares at cost	\$	530,584
Proportionate share of net loss		(150,838)
Effect of foreign exchange		(65,337)
<b>Balance, December 31, 2018</b>	<b>\$</b>	<b>772,751</b>

The following is a summary of the consolidated financial information for Vilhelmina Minerals Inc. on a 100% basis as at and for the periods ended December 31, 2018 and December 31, 2017.

	<b>December 31, 2018</b>	December 31, 2017
Cash	\$ 414,550	\$ 6,694
Total current assets	682,689	17,062
Non-current assets	200,838	872,772
Total current liabilities	223,304	6,377
	<b>Year ended</b>	Period of incorporation
	<b>December 31, 2018</b>	(July 13, 2017) to
		December 31, 2017
Loss before items noted below	\$ (1,298,270)	\$ (13,442)
Loss from investment in associate	-	(56,450)
Loss on foreign exchange	11,464	(763)
Loss and comprehensive loss	\$ (1,286,806)	\$ (70,655)
Controlling interest	\$ (439,780)	(9,275)
Non-controlling interest	\$ (847,026)	(25,077)

# EURO SUN MINING INC.

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## 7. Trade and other payables

	<b>December 31, 2018</b>	December 31, 2017
Trade payables	\$ 425,986	\$ 113,846
Accrued liabilities	75,552	480,916
	<b>\$ 501,538</b>	<b>\$ 594,762</b>

## 8. Deferred share unit liability

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”). A DSU is a unit 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 previous five-day weighted average trading price of a common share on the termination date multiplied by the number of DSUs held by them. The DSU liability is based on the five-day weighted average trading price of the Company’s shares prior to the date of the consolidated statement of financial position.

The following transactions occurred during the periods noted below:

	<b>December 31, 2018</b>	December 31, 2017
Number of DSUs outstanding, beginning of year	39,599	39,599
Granted	3,855,000	-
Exercised	(243,340)	
Forfeited	(300,000)	
Number of DSUs outstanding, end of year	<b>3,351,259</b>	<b>39,599</b>
DSU liability, end of year	<b>\$ 994,703</b>	<b>\$ 37,546</b>

The DSU expense for the year ended December 31, 2018 was \$1,054,669 (\$15,328 for the year ended December 31, 2017).

During the year ended December 31, 2018, 3,855,000 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.

# EURO SUN MINING INC.

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## 9. 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, 2016	50,001,170	\$ 202,320,836
Common shares issued in private placements (i)(ii)	7,574,291	8,456,207
Valuation of broker warrants (ii)	-	(23,198)
Transaction costs incurred in private placement (ii)	-	(148,742)
Balance, December 31, 2017	57,575,461	\$ 210,605,103
Common shares issued in private placements (iii)	<b>4,333,333</b>	<b>2,000,000</b>
<b>Balance, December 31, 2018</b>	<b>61,908,794</b>	<b>\$ 212,605,103</b>

(i) On October 6, 2017, the Company closed a non-brokered private placement financing of 6,144,291 common shares at a price of CAD\$1.40 per share for gross proceeds of \$6,854,735 (CAD\$8,602,007).

(ii) On October 10, 2017, the Company closed a brokered private placement financing of 1,430,000 common shares at a price of CAD\$1.40 per share for gross proceeds of \$1,601,472 (CAD\$2,002,000). In connection with the financing, the Company paid cash commissions and other expenses of \$148,742 (CAD\$187,363) and issued 71,500 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company at a price of CAD\$1.43 for a period of one year from the date of issue. The value of the broker warrants was determined to be \$23,198 using Black-Scholes valuation model with the following assumptions: exercise price of CAD\$1.43, risk-free rate of 1.54%, expected volatility of 75% based on historic volatility, expected life of one year and expected dividend yield of 0%.

(iii) On November 8, 2018, the Company closed a non-brokered private placement financing of 4,333,333 common shares at a price of CAD\$0.60 per share for gross proceeds of \$2,000,000 (CAD\$2,619,200).

# EURO SUN MINING INC.

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## 9. Share capital (continued)

### (c) Stock Options

The following table shows the continuity of stock options for the years ended December 31, 2018 and December 31, 2017:

	Number of options	Weighted average exercise price (CAD\$)
Balance, December 31, 2016	4,853,615	1.54
Expired	(148,646)	7.27
Balance, December 31, 2017	4,704,969	1.36
Forfeiture	(6,645)	1.36
<b>Balance, December 31, 2018</b>	<b>4,698,324</b>	<b>1.36</b>

As at December 31, 2018, 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
4,423,059	4,423,059	4,209,818	1.36	June 13, 2021	2.45
275,265	275,265	211,634	1.36	September 30, 2021	2.75
4,698,324	4,698,324	4,421,452			2.47

### (d) Common share purchase warrants

	Number of warrants	Weighted average exercise price (CAD\$)
Balance, December 31, 2016	4,404,316	\$ 2.08
Broker warrants	71,500	1.43
Balance, December 31, 2017	4,475,816	\$ 2.07
Expired	(543,391)	1.29
<b>Balance, December 31, 2018</b>	<b>3,932,425</b>	<b>\$ 2.18</b>

At December 31, 2018, warrants outstanding are as follows:

Number of warrants outstanding	Grant date fair value (\$)	Weighted average exercise price (CAD\$)	Expiry date
3,932,425	2,205,265	2.18	May 19, 2019

# EURO SUN MINING INC.

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## 10. Exploration and evaluation expenditures

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

	Year ended December 31, 2018	Year ended December 31, 2017
Consulting and technical	\$ 1,914,498	\$ 1,465,578
Surface rights	182,609	199,773
Environmental studies	153,547	150,405
Other exploration costs	275,269	105,548
Metallurgical testing	393,909	279,507
Field office support and administration	539,164	325,633
Travel	206,194	228,146
	<b>\$ 3,665,190</b>	<b>\$ 2,754,590</b>

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 will come into effect once it is ratified by the Romanian Government. Once ratified, the mining license is valid for 20 years, renewable for periods of five years until all the resources have been mined. 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, 2018, the Company has only one material segment for financial reporting purposes, which is the development of its Romanian mining permit.

## 11. 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, 2018 is 58,240,301 (2017 – 51,770,126). Stock options and warrants are considered anti-dilutive and therefore are excluded from the calculation of diluted loss per share. For the year ended December 31, 2018 basic and diluted loss per share was \$0.12 (December 31, 2017 – basic and diluted loss per share of \$0.12).

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## 12. Related party transactions

Key management personnel compensation:

	Year ended December 31, 2018	Year ended December 31, 2017
Directors and officers compensation	\$ 1,412,046	\$ 2,262,120
Share-based payments	656,201	-
	\$ 2,068,247	\$ 2,262,120

Included in the above amounts is \$277,842 for the year ended December 31, 2018 (\$469,990 for the year ended December 31, 2017) paid according to a contract for business and operational consulting services with Forbes & Manhattan Inc., a company of which Mr. Stan Bharti is the Executive Chairman, Mr. Matt Simpson is Chief Executive Officer and both of whom are directors of the Company. During the year ended December 31, 2017, the Company paid fees of \$57,786 to Iron Strike Inc., a company controlled by Mr. Matt Simpson and paid fees of \$134,833 to Gedwal Management Inc., a company controlled by Mr. Guy Charette, a director of the Company during that period.

On January 31, 2018, the Company granted 2,905,000 DSUs to various officers and directors of the Company with a vested value at December 31, 2018 of CAD\$1,080,902 (\$792,334).

As at December 31, 2018, the Company had \$26,542 (December 31, 2017 - \$34,376) accounts payable owing to related parties. These amounts are unsecured, non-interest bearing and due on demand.

See Note 6.

## 13. Financial risk factors

The Company's financial instruments comprise cash and cash equivalents, restricted deposits, sundry receivables, 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, 2018 and 2017 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.

### (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, 2018, the Company had a cash and cash equivalents balance of \$460,704 (2017 - \$5,906,115) to settle trade and other payables of \$501,538 (2017 - \$594,762). Current liabilities consist of trade and other payables generally due within one year.

# EURO SUN MINING INC.

Notes to consolidated financial statements  
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## 13. Financial risk factors (continued)

### (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, including the investment in associate.

#### (i) Interest rate risk

The Company has cash and cash equivalent balances as at December 31, 2018 and 2017. 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, 2018 and 2017:

	2018		2017	
	Average rate	Closing rate	Average rate	Closing rate
RON	<b>0.2537</b>	<b>0.2455</b>	0.2468	0.2567
CAD	<b>0.7718</b>	<b>0.7330</b>	0.7705	0.7971

A 1% strengthening or weakening of the US dollar against the Romanian Lei at December 31, 2018 would result in an increase or decrease in operating loss of approximately \$1,006. A 1% strengthening or weakening of the US dollar against the Canadian would result in an increase or decrease in other comprehensive income of approximately \$8,840.

#### (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.

# EURO SUN MINING INC.

Notes to consolidated financial statements  
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## 14. 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 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, 2018 and 2017.

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:

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	<b>December 31, 2018</b>	December 31, 2017
Cash and cash equivalents	\$ 460,704	\$ 5,906,115
Restricted deposits	21,991	23,914
Share capital	212,605,103	210,605,103
Warrants	2,205,265	2,650,549
Contributed surplus	4,421,452	4,427,777
	<b>\$ 219,714,515</b>	<b>\$ 223,613,458</b>

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# EURO SUN MINING INC.

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## 15. Commitments and contingencies

### (a) Lease Commitment (Romania)

On August 29, 2017, the Company entered into a lease agreement for office space in Bucharest, Romania. The monthly rent payable under the terms of the lease is 7,815 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 are subject to interest of 0.2% per day from the due date until the date the payment is made. The lease is for fixed term of five years commencing February 2018. As at December 31, 2018 and December 31, 2017, the Company had paid a deposit equivalent to six months rent and services charges of \$76,585.

	December 31, 2018	December 31, 2017
Within one year	\$ 103,215	101,025
After one year but not more than five years	275,240	440,838
More than five years	-	9,184
	<b>\$ 378,455</b>	<b>551,047</b>

### (b) Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$3.9 million upon the occurrence of a change of control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$2.6 million 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.

### (c) 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.

## 16. Financial instruments

The fair value of the Company's short-term financial instruments, including cash and cash equivalents, restricted deposits, amounts receivable, trade and other payables, approximate their carrying values due to the short period of time to maturity. The fair value of the Company's DSUs are recorded at FVPL, based on the Company's share price at the end of each reporting period with the changes in fair value recognized in share-based compensation in the consolidated statements of loss.

# EURO SUN MINING INC.

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## 17. 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% (2017 - 26.5%) were as follows:

	2018	2017
Loss before income taxes	\$ (7,215,770)	\$ (6,243,881)
Expected income tax recovery based on statutory rate	(1,912,000)	(1,655,000)
Adjustment to expected income tax benefit:		
Share-based compensation	254,000	-
Non deductible items	1,182,000	(811,000)
Difference in tax rates	25,000	413,000
Change in benefit of tax assets not recognized	451,000	2,053,000
Deferred income tax provision (recovery)	\$ -	\$ -

### (b) Deferred income taxes

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

	2018	2017
Non-capital loss carry-forwards (Canada)	\$ 39,955,000	\$ 35,977,000
Investment in associate (Canada)	241,000	-
Share issue costs (Canada)	276,000	435,000
Other (Canada)	5,261,000	5,717,000
Capital loss carry-forwards (Canada)	40,058,000	43,531,000
Non-capital loss carry-forwards (Romania)	-	-
	\$ 85,791,000	\$ 85,660,000

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, 2018, the Company had estimated non-capital losses for Canadian income tax purposes of approximately \$39,955,000 (2017 - \$35,977,000) available to use against future taxable income. The non-capital losses expire between 2026 and 2038.

The Company's subsidiary, SAMAX Romania SRL ("SAMAX"), was registered as a micro-company with the Romanian tax authorities until the third quarter of fiscal 2017, which effectively eliminates the corporate income tax on profits from certain mining activities. For SAMAX, this will reduce the corporate tax rate to 0% up until the time in which SAMAX can no longer qualify as a micro-company due to increased business activities. During the fourth quarter of fiscal 2017, SAMAX no longer qualified as a micro-company and has become a taxable company as at December 31, 2017. This status has remained unchanged as at December 31, 2018. The Company had estimated non-capital losses for Romanian income tax purposes of approximately \$nil (2017 - \$nil) available to use against future taxable income.

# EURO SUN MINING INC.

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## 18. Subsequent event

### Private placement

On March 26, 2019, the Company announced that it has closed its previously announced non-brokered private placement financing by issuing 10 million units at price of C\$0.30 per unit for gross proceeds of C\$3 million. Each unit consists of one common share of the Company and one half of a common share purchase warrant (each whole common share purchase warrant, a "warrant"). Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of C\$0.50 for a period of 24 months from issuance. If at any time after four months and one day from the closing of the Offering, the common shares of the Company trade at C\$0.75 per common share or higher (on a volume weighted adjusted basis) for a period of 20 consecutive days, the Company will have the right to accelerate the expiry date of the Warrants to the date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right. All securities issued in connection with the Offering will be subject to a statutory hold period of four months and one day.



**Management Discussion and Analysis**  
**For the year ended December 31, 2018**  
(all amounts in U.S. dollars unless otherwise noted)

**Date: March 29, 2019**

This Management Discussion and Analysis (“MD&A”) relates to the financial condition and results of operations of Euro Sun Mining Inc. (“Euro Sun” or the “Company”) as at and for the year ended December 31, 2018. This MD&A should be read in conjunction with the Company’s audited consolidated financial statements and related notes as at and for the year ended December 31, 2018. 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.

Joe Milbourne, is a Qualified Person as defined under National Instrument 43-101- *Standards of Disclosure for Mineral Projects* (“NI 43-101”) guidelines and has reviewed the scientific and technical information except for the geology and resource section contained in this MD&A. The current NI 43-101 compliant geologic mineral resources presented in this MD&A were completed by the independent geology-engineering firm, APG Mining Consultants Inc. (“AGP”) (February 2019), and are represented here by Randall Ruff, a Qualified Person as defined by NI 43-101 and an employee of Euro Sun.

Management is responsible for the information disclosed in this MD&A and the accompanying financial statements and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. The audit committee of the board of directors of the Company has reviewed this MD&A and the unaudited consolidated financial statements as at and for the year ended December 31, 2018, 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 holding measured and indicated mineral resources of 7.1 million ounces of gold and 1.4 billion pounds of copper.

## **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”) that is currently being ratified through a formal government process. The Rovina License was officially ratified by the Romanian Government during Q4 2018 (see Fourth Quarter Highlights below). 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.

On July 17, 2012, the Company announced an updated NI 43-101 resource estimate (“2012 Resource Estimate”). This updated resource incorporated a total of 120,256 m of drilling database results from 241 drill holes. The 2012 Resource Estimate was completed by AGP, an independent engineering company. The 2012 Resource Estimate increased the previous measured plus indicated gold resource category by 134% to 7.19 million ounces and increased the measured plus indicated copper resource by 87% to 1,420 million pounds of copper. In addition, the measured plus indicated gold resource grade increased by 12.2% from the previous resource and the tonnage by 110%. This resource was subsequently updated and announced by the company on 20th February, 2019 (See below). During 2012 and subsequent to the data closure date of the 2012 Resource Estimate update, the Company completed a total of 14,920 metres of drilling at the Rovina Valley Project, of which, 5,290 metres of drilling was for resource definition, 8,715 metres of exploration and satellite target drilling, predominantly at the Ciresata porphyry and 915 metres of geotechnical drilling.

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

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

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

During the third quarter, 2014, the Company with a consortium of Romanian specialists completed a mining study for

a 20,000 tonnes per day operation and associated environmental impact and risk studies which were submitted to NAMR in August 2014. In October 2014, NAMR approved the mining waste management plan as one of the key steps in the Mining License approval process. There has been no previous commercial mining activity at the Rovina Valley Project and the proposed mine site footprint, as defined by its Mining License Application, does not include any known protected heritage sites or archaeological occurrences and has been specifically designed to minimize the impact on nearby communities. In addition, the Company continues to assess the scalability of a potential mining operation at the Rovina Valley Project with the goal to optimize return on investment.

On May 27, 2015, NAMR approved a 20-year mining license for the Rovina Valley Project and 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, the mining licence will 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 (see Q4 Highlights below). 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 good relations with the community have allowed unhindered surface access for drilling in the Rovina Valley Project area which requires permission from landowners. In addition, the Company continues with its long lead time work activities for both the EIA and SIA (“Social Impact Assessment”) documentation that will be required for the permitting of the project.

The Company initiated a feasibility study and metallurgical testing contract in September 2017 as well as evaluating scalability options for project development. The feasibility study activity has been focused on metallurgical testing to confirm flotation gold and copper recovery characteristics. Additional testing is planned to further test the flotation tailings and concentrate as to their filtration and sedimentation characteristics. Ausenco SRK has provided guidance on field programs for developing additional geotechnical and hydrological design criteria for the feasibility study.

Representative geo-metallurgical samples weighing three tonnes each were collected and shipped for mini-pilot plant scale grinding and flotation testwork for recovery of copper and gold without the use of cyanide. The final results were received in November 2018 and represent an improved metal recoveries with respect to previous testwork (See Q4 Highlights below).

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 National Instrument 43-101 (NI 43-101). The company announced the results of the resource estimate update and PEA on February 20<sup>th</sup>, 2019, and the supporting NI 43-101 Technical report is filed on SEDAR in accordance Standards of Disclosure for Mineral Projects.

## Rovina Valley Project Resource Estimate Update

On February 20<sup>th</sup>, 2019, Euro Sun announced its updated NI 43-101 compliant mineral resource estimate ("2019 Resource Estimate") as provided by independent consultants AGP, on Euro Sun's 100% owned Rovina Mining License in west-central Romania. The 2019 Resource Estimate includes the COLNIC, ROVINA and CIRESATA gold-rich copper porphyry deposits, collectively referred to as the Rovina Valley Project. All three deposits are in close proximity and mill feed will be treated at a central facility. COLNIC and ROVINA are amenable to open-pit mining and CIRESATA to bulk underground mining.

The 2019 Resource Estimate is an update to the 2012 NI 43-101 compliant Resource Estimate (completed by AGP) (the "2012 Resource Estimate") to primarily reflect higher operating costs, new metallurgical recoveries (see ESM Press Release dated 19 September, 2018), and higher metal prices on resource constraining Lerchs-Grossman open pits using appropriate cut-off grades. The geologic model and interpolated block model from the 2012 Resource Estimate are not changed in this current estimate (see the 2012 Resource Estimate filed on SEDAR on 31 August, 2012). Mineral resources were estimated in conformance with the 2014 CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101 and are considered to have reasonable prospects for economic extraction.

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

### Weighted Average Rovina Valley Resource Estimate (2019)

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

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

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

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

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

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

## **Rovina Valley Project Preliminary Economic Assessment**

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

### **2019 PEA Highlights**

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

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

## Preliminary Economic Assessment Highlights

<b>Base Case Assumptions</b>	
Gold price (base case)	\$1,325/oz
Copper price (base case)	\$3.10/lb
Gold recovery	82%
Copper recovery	89%
Mine Life (Colnic Only)	12 years
Mining rate	20,000 tonnes per day
<b>Mine Parameter</b>	
Average annual gold equivalent production	139,000 ounces
Average annual gold production	108,000 ounces
Average annual copper production	13.3 million pounds
Average gold grade g/t	0.58
Average copper grade %	0.10
Colnic LOM Strip ratio (waste to ore)	1.9:1
<b>Capital Costs</b>	
Pre-strip capital	\$33.5 million
Initial capital	\$306.2 million
Total Initial Capital	\$339.7 million
Sustaining Capital	\$12.2 million
Total CAPEX	\$352 million
<b>Operating Costs</b>	
All-in sustaining costs	\$752/ ounce AuEq
Mining costs	\$2.25 /tonne moved
Milling costs	\$7.03 /tonne milled
G&A costs	\$0.50 /tonne milled
<b>Cash Flow</b>	
Pre-Tax NPV (5% discount rate)	\$218 million
Pre-Tax IRR	15.4%
Post-Tax NPV (5% discount rate)	\$169 million
Post-Tax IRR	13.5%

The PEA was prepared by Lycopodium Minerals Canada Limited and AGP Mining Consultants Inc. (“AGP”) The technical report related to the PEA results is filed on SEDAR, in accordance with National Instrument 43-101: Standards of Disclosure for Mineral Projects (“NI 43-101”).

Further information on the Rovina Valley Project, including NI 43-101 reports can be found on the Company’s web site at [www.eurosunmining.com](http://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.

## **Subsequent Events**

On March 26, 2019, the Company announced that it has closed its previously announced non-brokered private placement financing by issuing 10 million units at price of C\$0.30 per unit for gross proceeds of C\$3 million. Each unit consists of one common share of the Company and one half of a common share purchase warrant (each whole common share purchase warrant, a "warrant"). Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price of C\$0.50 for a period of 24 months from issuance. If at any time after four months and one day from the closing of the Offering, the common shares of the Company trade at C\$0.75 per common share or higher (on a volume weighted adjusted basis) for a period of 20 consecutive days, the Company will have the right to accelerate the expiry date of the Warrants to the date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right. All securities issued in connection with the Offering will be subject to a statutory hold period of four months and one day.

## **Fourth Quarter Highlights**

### ***Feasibility Study Activities***

#### *Metallurgical Testing at Eriez*

Metallurgical testing of the main geometallurgical domains at Colnic and Rovina deposits was completed during the quarter. A scoping level evaluation of HydroFloat coarse particle technology was conducted and showed promise. However; HydroFloat technology was not incorporated in the column cell flotation pilot program due to the sample size requirements.

The main metallurgical work done consisted of three pilot flotation testing campaigns using the Eriez column flotation pilot plant in Erie, Pennsylvania. The pilot plant campaigns were conducted on bulk representative samples of both the K1 and K2K3 domains at Colnic representing a majority of the resource as well as the Rovina domain. The results delivered an average gold recovery at the Colnic deposit of 81.5% and copper recovery of 88.6%, while the average gold recovery of the Rovina deposit was 73.2% and copper recovery averaged 94.7%.

### ***Extension of Outstanding Warrants***

On May 7, 2018, the Company applied to the TSX to extend the expiry date of 3,932,425 outstanding common share purchase warrants that were originally issued on May 10, 2016 with an expiry of May 19, 2018 to November 19, 2018. The extension request was subsequently approved. Each warrant is exercisable to acquire one common share of the Company at a price of \$2.18 per common share. At the Company's discretion, expiry could be accelerated if the trading price of the common shares on the TSX exceeds \$2.72 for a period of 20 consecutive trading days. Under this circumstance, the Company has the right, but not the obligation, to accelerate the expiry date of the warrants to a date which is not less than 30 days after the date on which the Company gives notice of such accelerated expiry date to the holders of the warrants.

On October 22, 2018, the Company announced that it had further extended the expiry date of the 3,932,425 outstanding common share purchase warrants mentioned above to May 19, 2019, subject to the same accelerated expiry noted above.

### ***Permitting***

The Company received a mining license from the Romanian National Agency for Mineral Resources (“NAMR”) in May 2015, signifying an important transitional milestone from the exploration stage to the exploitation phase.

On November 12, 2018, the Company announced the completion of the ratification process of its mining license for the Rovina Valley Project in Romania. The Company’s mining license was signed by the Prime Minister of Romania at the weekly meeting of the Romanian government on November 9, 2018, as press released through the Government of Romania website. The fully approved mining license for the Rovina Valley Project was subsequently published in the Official Monitor (nr. 0970,2018) of the Romanian Government. The Company is the first non-state-owned entity to have a ratified mining license for metals.

### ***Private Placement***

In November 2018, the Company closed a non-brokered private placement financing of 4,333,333 common shares at a price of CAD\$0.60 per common share for gross proceeds of \$2.0 million (CAD\$2.6 million).

### ***Board Changes***

The Company announced that Mr. Guy Charette has resigned from the Board.

### **Outlook**

The Company’s primary focus is to undertake the Environmental and Social Impact Assessment (ESIA) and will also continue the Feasibility Study accelerating the Rovina Valley Project towards a construction decision.

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

### **Selected Annual Information**

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

## Selected Quarterly Financial Information

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

For the quarters ended	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Net loss for the period	\$ (932,018)	\$ (1,320,702)	\$ (1,012,655)	\$ (3,950,395)
Basic and diluted loss per share	(0.02)	(0.02)	(0.02)	(0.07)

For the quarters ended	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net loss for the period	\$ (2,982,712)	\$ (1,130,369)	\$ (1,023,614)	\$ (1,107,186)
Basic and diluted loss per share	(0.05)	(0.03)	(0.02)	(0.02)

## Results of operations for the year ended December 31, 2018

### Selected financial information

	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31,
Loss for the period	\$ (932,018)	\$ (2,982,712)	\$ (7,215,770)	\$ (6,243,881)
Loss per share	(0.02)	(0.05)	(0.12)	(0.12)
Expenses:				
Consulting and management fees	\$ 536,474	\$ 1,412,021	\$ 1,544,895	\$ 2,420,837
Professional fees	36,064	47,608	137,030	95,165
General office expenses	(13,473)	(2,858)	193,372	210,744
Share-based compensation	(307,100)	(7,596)	1,054,669	15,328
Travel expenses	135,708	155,752	420,259	399,311
Shareholder communications and filing	94,087	366,750	201,887	608,084
Loss from investment in associate	41,676	18,796	150,838	19,270
Other loss (income)	(461,692)	(79,167)	(152,370)	(704,592)
Legal settlements	-	264,254	-	425,144
	\$ 61,744	\$ 2,175,560	\$ 3,550,580	\$ 3,489,291
Exploration and evaluation expenditures:				
Consulting and technical	\$ 404,878	\$ 421,904	\$ 1,914,498	\$ 1,465,578
Surface rights	26,657	39,857	182,609	199,773
Environmental studies	(1,997)	10,216	153,547	150,405
Other exploration costs	170,418	33,619	275,269	105,548
Metallurgical testing	19,830	168,791	393,909	279,507
Field office support and administration	152,534	112,272	539,164	325,633
Travel	97,954	20,493	206,194	228,146
	\$ 870,274	\$ 807,152	\$ 3,665,190	\$ 2,754,590

### ***Results of operations for the three months ended December 31, 2018 (“Q4 2018”)***

The net loss for Q4 2018 was \$932,018 compared to a net loss of \$2,982,712 for Q4 2017. The loss per share was \$0.02 in Q4 2018 compared to a loss per share of \$0.05 in Q4 2017.

Share-based compensation for the quarter was a recovery of \$307,100 compared to a recovery of \$7,596 in the comparative period. This difference was primarily due to the grant and subsequent revaluation of 3,351,259 DSUs granted on January 31, 2018 compared to the revaluation of 39,599 DSUs at December 31, 2017.

Q4 2018 includes a foreign exchange gain of \$461,632 (Q4 2017 – \$77,533) and is mainly the result of the movement in the value of the Canadian dollar relative to the U.S. dollar.

The Company has increased its exploration and evaluation expenditure during the quarter to \$870,274 from \$807,152 in the comparative period reflecting the renewed focus on the Rovina Valley Project, with the increase primarily driven by the commencement of metallurgical testing in the current year. The majority of the exploration and evaluation expenditure was for project related consulting / labour and expenses related to Stanija exploration (mapping and surveying), surface rights acquisition, environmental studies and permitting efforts for its Rovina Valley Project.

### ***Results of operations for the year ended December 31, 2018 (“YTD 2018”)***

The net loss YTD 2018 was \$7,215,770 compared to a net loss of \$6,243,881 YTD 2017. The loss per share was \$0.12 YTD 2018 compared to a loss per share of \$0.12 YTD 2017.

YTD share-based compensation was \$1,054,669 compared to an expense of \$15,328 in the comparative period. This increase was primarily due to the grant and subsequent revaluation of 3,351,259 DSUs granted on January 31, 2018 compared to the revaluation of 35,599 DSUs at December 31, 2017.

YTD 2018 includes a foreign exchange gain of \$150,615 (YTD 2017 – gain of \$682,507) and is mainly the result of the movement in the value of the Canadian dollar relative to the U.S. dollar.

The Company has increased its exploration and evaluation expenditure during the YTD to \$3,665,190 from \$2,754,590 in the comparative period reflecting the renewed focus on the Rovina Valley Project, with the increase primarily driven by the commencement of metallurgical testing in the current year. The majority of the exploration and evaluation expenditure was for project related consulting / labour and expenses related to Stanija exploration (mapping and surveying), surface rights acquisition, environmental studies and permitting efforts for its Rovina Valley Project.

### ***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, 2018, the Company had cash and cash equivalents of \$460,704 (December 31, 2017 - \$5,906,115) and negative working capital of \$486,519 (December 31, 2017 – positive \$5,518,239). The Company’s cash flow needs are for funding the continuing operations of the exploration work in Romania, working capital requirements and corporate administration.

On October 6, 2017, the Company closed a non-brokered private placement financing of 6,144,291 common shares at a price of CAD\$1.40 per share for gross proceeds of \$6,854,735 (CAD\$8,602,007).

On October 10, 2017, the Company closed a brokered private placement financing of 1,430,000 common shares at a

price of CAD\$1.40 per share for gross proceeds of \$1,601,472 (CAD\$2,002,000). In connection with the financing, the Company paid cash commissions and other expenses of \$148,742 (CAD\$187,363) and issued 71,500 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company at a price of CAD\$1.43 for a period of one year from the date of issue.

On November 8, 2018, the Company closed a non-brokered private placement financing of 4,333,333 commons shares at a price of CAD\$0.60 per share for gross proceeds of \$2,000,000 (CAD\$2,619,200).

### **Operating Segments**

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

### **Off-Balance Sheet Arrangements**

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

### **Financial Commitments and Litigation**

#### Lease (Romania)

On August 29, 2017, the Company entered into a lease agreement for office space in Bucharest, Romania. The monthly rent payable under the terms of the lease is 7,815 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 are subject to interest of 0.2% per day from the due date until the date the payment is made. The lease is for fixed term of five years commencing February 2018. As at December 31, 2018, the Company had paid a deposit equivalent to six months' rent and services charges of \$76,585.

	<b>December 31, 2018</b>	December 31, 2017
Within one year	<b>\$ 103,215</b>	101,025
After one year but not more than five years	<b>275,240</b>	440,838
More than five years	-	9,184
	<b>\$ 378,455</b>	551,047

#### Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$3.9 million upon the occurrence of a change of control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$2.6 million pursuant to the terms of these contracts.

## **Related Party Transactions**

During the year ended December 31, 2018, the Company entered into the following transactions with related parties not disclosed elsewhere:

The Company paid or accrued \$1,412,046 (\$1,000,377 for the year ended December 31, 2017) of management compensation relating to officers and directors of the Company. Included in this amount is \$277,842 (\$469,990 for the year ended December 31, 2017) paid according to a contract for business and operational consulting services with Forbes & Manhattan Inc., a company which of Mr. Stan Bharti is the Executive Chairman and Mr. Matt Simpson is Chief Executive Officer both of whom are directors of the Company. During the year ended December 31, 2017, the Company paid fees of \$37,062 to Iron Strike Inc., a company controlled by Mr. Matt Simpson and paid fees of \$114,784 to Gedwal Management Inc., a company controlled by Mr. Guy Charette, a director of the Company during that period.

On January 31, 2018, the Company granted 2,905,000 DSUs to various officers and directors of the Company with a vested value at December 31, 2018 of CAD\$1,080,902 (\$792,334).

## **Risk Factors**

Investing in the Company involves risks that should be carefully considered. The business and operations of the Company as well as those of its subsidiaries are speculative due to their nature, the locations in which they operate, and their relative stages of development. Investors should be aware that there are various risks, that could have a material adverse effect on, among other things, title to the projects, permitting, the operating results, earnings, business and condition (financial or otherwise) of the Company. For a listing of risk factors, investors should refer to the Company's Annual Information Form in respect of the year ended December 31, 2018 filed on SEDAR.

## **Additional Information and Continuous Disclosure**

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

## **Outstanding Share Data**

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

- a) 71,908,794 common shares outstanding;
- b) 8,932,425 warrants outstanding with expiry dates ranging from May 19, 2019 to March 26, 2021 with exercise prices between \$0.50 and \$2.18. If all the warrants were exercised, 8,932,425 shares would be issued for proceeds of CAD\$11,072,687.
- c) 4,698,324 stock options outstanding with expiry dates ranging from June 13, 2021 to September 30, 2021 with exercise prices of CAD\$1.36. If exercised, 4,698,324 shares would be issued for proceeds of CAD\$6,389,721.
- d) 3,251,259 deferred share units with no fixed expiry.

## **Cautionary and non-GAAP Measures and Additional GAAP Measures**

Note that for purposes of this section, GAAP refers to IFRS. The Company believes that investors use certain non-GAAP and additional GAAP measures as indicators to assess gold mining companies. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared with GAAP. Non-GAAP and additional GAAP measures do not have standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other companies.

### **Cautionary Statement Regarding Forward-Looking Information**

Except for statements of historical fact relating to Euro Sun certain information contained herein constitutes forward-looking information within the meaning of applicable Canadian securities legislation which may include, but is not limited to, information with respect to the Company's expected production from, and further potential of, the Company's properties; the Company's ability to raise additional funds; the future price of minerals, particularly gold and copper; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Often, but not always, forward-looking statements/information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements/information is based on management's expectations and reasonable assumptions at the time such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on assumptions underlying mineral reserve and mineral resource estimates and the realization of such estimates are set out herein.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Euro Sun and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include: uncertainties of mineral resource estimates; the nature of mineral exploration and mining; variations in ore grade and recovery rates; cost of operations; fluctuations in the sale prices of products; volatility of gold and copper prices; exploration and development risks; liquidity concerns and future financings; risks associated with operations in foreign jurisdictions; potential revocation or change in permit requirements and project approvals; competition; no guarantee of titles to explore and operate; environmental liabilities and regulatory requirements; dependence on key individuals; conflicts of interests; insurance; fluctuation in market value of Euro Sun's shares; rising production costs; equipment material and skilled technical workers; volatile current global financial conditions; and currency fluctuations; and other risks pertaining to the mining industry. Although Euro Sun has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Euro Sun does not undertake to update any such forward-looking information, except in accordance with applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers are cautioned not to place undue reliance on forward-looking information.

# EUROSUN

MINING

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018**

**(Expressed in United States Dollars)**

**(UNAUDITED)**

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# EURO SUN MINING INC.

Condensed consolidated interim statements of financial position  
(Expressed in United States dollars)  
(unaudited)

As at:	March 31, 2019	December 31, 2018
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 884,042	\$ 460,704
Restricted deposits	22,450	21,991
Prepaid expenses and sundry receivables	1,027,931	527,027
<b>Total current assets</b>	<b>\$ 1,934,423</b>	<b>\$ 1,009,722</b>
Non-current assets		
Property, plant and equipment (Note 3)	818,176	513,605
Investment in associate (Note 4)	759,474	772,751
Deposits (Note 9)	76,585	76,585
<b>Total assets</b>	<b>\$ 3,588,658</b>	<b>\$ 2,372,663</b>
<b>Liabilities</b>		
Current liabilities		
Trade and other payables (Note 8)	\$ 837,833	\$ 501,538
Deferred share unit liability (Note 5)	1,007,177	994,703
Current lease liability (Note 10)	85,818	-
<b>Total current liabilities</b>	<b>\$ 1,930,828</b>	<b>\$ 1,496,241</b>
Non-current lease liability (Note 10)	\$ 248,675	\$ -
<b>Total liabilities</b>	<b>\$ 2,179,503</b>	<b>\$ 1,496,241</b>
Equity attributable to shareholders		
Share capital (Note 6)	214,520,887	212,605,103
Contributed surplus (Note 6 (c))	4,299,295	4,421,452
Warrants (Note 6 (d))	2,457,457	2,205,265
Accumulated deficit	(219,194,299)	(217,647,546)
Accumulated other comprehensive loss	(674,185)	(707,852)
<b>Total shareholders' equity</b>	<b>\$ 1,409,155</b>	<b>\$ 876,422</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,588,658</b>	<b>\$ 2,372,663</b>

Nature of operations and going concern (Note 1)  
Commitments and contingencies (Note 7 and Note 9)  
Subsequent event (Note 11)

Approved by the Board of Directors on May 13, 2019:

"David Danziger", Director

"Stan Bharti", Director

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

# EURO SUN MINING INC.

Condensed consolidated interim statements of loss and comprehensive loss  
(Expressed in United States dollars)  
(unaudited)

	Three months ended March 31, 2019	Three months ended March 31, 2018
<b>Expenses</b>		
Consulting and management fees (Note 8)	\$ 336,933	\$ 326,592
Professional fees	38,860	29,408
General office expenses	40,083	70,617
Travel expenses	28,153	109,434
Shareholder communications and filing fees	235,905	19,978
Loss from investment in associate (Note 4)	29,561	12,027
Share-based compensation (Note 5 and 8)	304,001	2,188,257
Exploration and evaluation expenditures (Note 7)	832,416	1,000,254
Gain on foreign exchange	8,628	194,399
Interest income	(227)	(571)
Interest expense	6,933	-
<b>Net loss for the period</b>	<b>\$ (1,861,246)</b>	<b>\$ (3,950,395)</b>
<b>Other comprehensive income</b>		
Cumulative translation adjustments	33,667	114,080
<b>Other comprehensive income for the period</b>	<b>\$ 33,667</b>	<b>\$ 114,080</b>
<b>Net comprehensive loss for the period</b>	<b>\$ (1,827,579)</b>	<b>\$ (3,836,315)</b>
Basic and diluted loss per share	\$ (0.03)	\$ (0.07)
Weighted average number of common shares outstanding - basic and diluted	62,575,461	57,575,461

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

# EURO SUN MINING INC.

Condensed consolidated interim statements of changes in shareholders' equity  
(Expressed in United States dollars)  
(unaudited)

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Shareholders' equity
Balance, December 31, 2017	\$ 210,605,103	\$ 2,650,549	\$ 4,427,777	\$ (210,883,385)	\$ (491,993)	\$ 6,308,051
Net loss and comprehensive loss	-	-	-	(3,950,395)	114,080	(3,836,315)
Balance, March 31, 2018	\$ 210,605,103	\$ 2,650,549	\$ 4,427,777	\$ (214,833,780)	\$ (377,913)	\$ 2,471,736
Balance, December 31, 2018	\$ 212,605,103	\$ 2,205,265	\$ 4,421,452	\$ (217,647,546)	\$ (707,852)	\$ 876,422
Adjustment on initial application of IFRS 16	-	-	-	(22,798)	-	(22,798)
Adjusted balance, January 1, 2019	212,605,103	2,205,265	4,421,452	(217,670,344)	(707,852)	853,624
Private placement (Note 6)	1,988,808	252,192	-	-	-	2,241,000
Share issuance costs (Note 6)	(73,024)	-	-	-	-	(73,024)
Stock option grant (Note 6 (c))	-	-	215,134	-	-	215,134
Stock option forfeiture (Note 6 (c))	-	-	(337,291)	337,291	-	-
Net loss and comprehensive loss	-	-	-	(1,861,246)	33,667	(1,827,579)
Balance, March 31, 2019	\$ 214,520,887	\$ 2,457,457	\$ 4,299,295	\$ (219,194,299)	\$ (674,185)	\$ 1,409,155

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

# EURO SUN MINING INC.

Condensed consolidated interim statements of cash flows  
(Expressed in United States dollars)  
(unaudited)

	Three months ended March 31, 2019	Three months ended March 31, 2018
<b>Cash flows from operating activities</b>		
Loss and comprehensive loss for the period	\$ (1,827,579)	\$ (3,836,315)
Adjustment for:		
Depreciation and amortization (Note 3)	56,905	4,226
Interest income	(227)	(571)
Loss from investment in associate (Note 4)	29,561	12,027
Deferred share units (Note 5)	304,001	2,188,257
Stock options granted (Note 6 (c))	-	-
	\$ (1,437,339)	\$ (1,632,376)
Prepaid expenses, sundry receivables and restricted deposits	(500,904)	(41,397)
Trade and other payables	259,902	(336,477)
Net cash used in operating activities	\$ (1,678,341)	\$ (2,010,250)
<b>Cash flows from investing activities</b>		
Interest income	227	571
Acquisition of property, plant and equipment (Note 3)	(29,530)	(251,575)
Net cash used in investing activities	\$ (29,303)	\$ (251,004)
<b>Cash flows from financing activities</b>		
Proceeds from private placement (Note 6)	2,241,000	-
Share issuance costs (Note 6)	(73,024)	-
Payment of principal portion of lease liability (Note 2 and Note 10)	(20,253)	-
Net cash provided by financing activities	\$ 2,147,723	\$ -
Effect of exchange rate changes on cash and cash equivalents	\$ (16,741)	\$ (30,108)
NET CHANGE IN CASH AND CASH EQUIVALENTS	423,338	(2,291,362)
CASH AND CASH EQUIVALENTS, beginning of period	\$ 460,704	\$ 5,906,115
CASH AND CASH EQUIVALENTS, end of period	\$ 884,042	\$ 3,614,753
<b>Supplemental cash flow information:</b>		
Right of use asset (Note 3)	\$ 331,946	-

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

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2019 and 2018  
(Expressed in United States Dollars)  
(unaudited)

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## 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 65 Queen Street West, Suite 805, Toronto, Ontario, M5H 2M5.

These unaudited condensed consolidated interim 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 three months ended March 31, 2019, the Company incurred a net loss of \$1,861,246 and as at March 31, 2019, reported an accumulated deficit of \$219,194,299 and working capital of \$5,867 including \$884,042 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. Management believes it will be able to raise sufficient additional funds to support activities for the next twelve.

These condensed consolidated interim 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 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 condensed consolidated interim financial statements  
For the three months ended March 31, 2019 and 2018  
(Expressed in United States Dollars)  
(unaudited)

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## 2. Basis of presentation

The Company prepares its unaudited condensed consolidated interim financial statements in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These statements are condensed and do not include all the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2018.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 13, 2019.

### Basis of measurement

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

The functional currency of the Parent is the Canadian dollar and the functional currency of each of its subsidiaries is the U.S. dollar.

### Basis of presentation

The condensed consolidated interim 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 condensed consolidated interim 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 March 31, 2019:

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

On April 19, 2017, Ore-Leave Capital (Barbados) Limited was continued into the British Virgin Islands from Barbados and was named Ore-Leave Capital Limited. On June 7, 2017, Ore-Leave Capital Limited and Samax Romania Limited merged, the surviving company is SAMAX Romania Limited and was continued into Cyprus from the British Virgin Islands on December 29, 2017.

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2019 and 2018  
(Expressed in United States Dollars)  
(unaudited)

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## 2. Basis of presentation (continued)

### Significant accounting policies

The unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2018, except for the adoption of the following new standards and interpretations issued by the IASB that were effective as of January 1, 2019.

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

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

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

At transition, lease liabilities of \$354,744 and right-of-use assets of \$331,946 were recognized in the consolidated statement of financial position. The difference of \$22,798 was recognized as a reduction in retained earnings.

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

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

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

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2019 and 2018  
(Expressed in United States Dollars)  
(unaudited)

## 2. Basis of presentation (continued)

### Significant accounting policies

The Company reports its right-of-use asset as part of property, plant and equipment on the condensed consolidated interim statement of financial position. The table below shows the continuity schedule of the lease liability. See note 3 for continuity schedule of the right-of-use asset.

## 3. Property, plant and equipment

	Building in Progress	Leasehold improvements	Machinery, equipment & vehicles	Right of use asset	Total
<b>Cost:</b>					
Balance, December 31, 2017	\$ -	\$ 205,988	\$ 56,592	\$ -	\$ 262,580
Additions	53,349	195,248	101,696	-	350,293
Balance, December 31, 2018	\$ 53,349	\$ 401,236	\$ 158,288	\$ -	\$ 612,873
Additions	15,403	-	14,127	-	29,530
Adoption of IFRS 16	-	-	-	331,946	331,946
<b>Balance, March 31, 2019</b>	<b>\$ 68,752</b>	<b>\$ 401,236</b>	<b>\$ 172,415</b>	<b>\$ 331,946</b>	<b>\$ 974,349</b>
<b>Depreciation:</b>					
At December 31, 2017	\$ -	\$ -	\$ 7,695	\$ -	\$ 7,695
Depreciation charge for the year	-	59,348	32,225	-	91,573
Balance, December 31, 2018	\$ -	\$ 59,348	\$ 39,920	\$ -	\$ 99,268
Depreciation charge for the period	-	19,345	13,614	23,946	56,905
<b>Balance, March 31, 2019</b>	<b>\$ -</b>	<b>\$ 78,693</b>	<b>\$ 53,534</b>	<b>\$ 23,946</b>	<b>\$ 156,173</b>
<b>Net book value:</b>					
At December 31, 2018	\$ 53,349	\$ 341,888	\$ 118,368	\$ -	\$ 513,605
<b>At March 31, 2019</b>	<b>\$ 68,752</b>	<b>\$ 322,543</b>	<b>\$ 118,881</b>	<b>\$ 308,000</b>	<b>\$ 818,176</b>

As at March 31, 2019, the carrying value of property, plant and equipment is comprised of \$nil in Canada (December 31, 2018 – \$nil) and \$818,176 in Romania (December 31, 2018 - \$513,605).

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2019 and 2018  
(Expressed in United States Dollars)  
(unaudited)

## 4. Investment in Vilhelmina Minerals Inc.

On September 26, 2017, the Company purchased 600,000 common shares of Vilhelmina Minerals Inc., a private company incorporated in Canada engaged in the exploration and development of metals, for CAD\$600,000 (\$483,420). In April 2018, the Company purchased an additional 600,000 common shares of Vilhelmina Minerals Inc. for CAD\$600,000 (\$476,430), and in December 2018, the Company purchased 74,000 common shares of Vilhelmina Minerals Inc. for CAD\$74,000 (\$54,244), increasing its ownership interest in Vilhelmina Minerals Inc. to 36.3% (2017 - 33%). Vilhelmina Minerals Inc. issued 220,000 shares in Q1 2019, decreasing the Company's ownership interest in Vilhelmina Minerals Inc. to 34.14%. Vilhelmina Minerals Inc. currently holds a 46.9% ownership interest in Vilhelmina Mineral AB ("Vilhelmina"), a private company which owns an interest in an exploration and evaluation property. Vilhelmina Mineral AB is located in Sweden, and Mr. Scott Moore, an officer and director of the Company, is a director of Vilhelmina.

Management has determined the Company has significant influence over Vilhelmina Minerals Inc. The investment is considered an associate and is accounted for using the equity method.

Changes in the investment in associate for the year ended December 31, 2018 and the three months ended March 31, 2019 were as follows:

Balance, December 31, 2017	\$	458,342
Acquisition of 674,000 shares at cost		530,584
Proportionate share of net loss		(150,838)
Effect of foreign exchange		(65,337)
Balance, December 31, 2018	\$	772,751
Proportionate share of net loss		(29,561)
Effect of foreign exchange		16,284
<b>Balance, March 31, 2019</b>	<b>\$</b>	<b>759,474</b>

The following is a summary of the consolidated financial information for Vilhelmina Minerals Inc. on a 100% basis as at and for the three months ended March 31, 2019.

	March 31, 2019	December 31, 2018
Cash	\$ 357,242	\$ 414,550
Total current assets	440,407	682,689
Non-current assets	196,818	200,838
Total current liabilities	236,213	223,304
	Three months ended	Three months ended
	March 31, 2019	March 31, 2018
Loss before items noted below	\$ (237,137)	\$ 195
Loss from investment in associate	-	(43,828)
Loss on foreign exchange	(16,480)	(463)
Loss and comprehensive loss	\$ (253,617)	\$ (44,096)
Controlling interest	\$ (86,596)	(20,663)
Non-controlling interest	\$ (167,021)	(23,433)

# EURO SUN MINING INC.

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## 5. Deferred 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”). A DSU is a unit 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. The DSU liability is based on the quoted market value of the Company’s shares at the date of the consolidated statement of financial position.

The following transactions occurred during the periods noted below:

Number of DSUs outstanding, December 31, 2018	3,351,259	39,599
Granted	-	3,855,000
Exercised	(66,667)	(243,340)
Forfeited	(33,333)	(300,000)
Number of DSUs outstanding, March 31, 2019	3,251,259	3,351,259
	<b>March 31,</b>	<b>December 31,</b>
	<b>2019</b>	<b>2018</b>
DSU Liability	<b>\$ 1,007,177</b>	<b>\$ 994,703</b>

## 6. 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, 2017	57,575,461	\$ 210,605,103
Common shares issued in private placement (i)	4,333,333	2,000,000
Balance, December 31, 2018	61,908,794	\$ 212,605,103
Common shares issued in private placement (ii)	10,000,000	1,988,808
Share issuance costs	-	(73,024)
<b>Balance, March 31, 2019</b>	<b>71,908,794</b>	<b>\$ 214,520,887</b>

(i) On November 8, 2018, the Company closed a non-brokered private placement financing of 4,333,333 common shares at a price of CAD\$0.60 per share for gross proceeds of \$2,000,000 (CAD\$2,619,200).

(ii) On March 26, 2019, the Company closed a non-brokered private placement financing of 10,000,000 units at a price of CAD\$0.30 per unit for gross proceeds of \$2,241,000 (CAD\$3,000,000). Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of CAD\$0.50 for a period of two years from the grant date. The warrants were valued at \$252,192. The Company paid commissions and other expenses of \$73,024 (CAD\$97,757) in relation to this private placement. Directors and officers participated and acquired a total of 550,000 units of this private placement for gross proceeds of \$123,255 (CAD\$165,000).

# EURO SUN MINING INC.

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## 6. Share capital (continued)

### (c) Stock options

	Number of options		Weighted average exercise price (CAD)
Balance, December 31, 2017	4,704,969	\$	1.54
Expired	(6,645)		7.27
Balance, December 31, 2018	4,698,324	\$	1.36
Granted	2,000,000	\$	0.36
Forfeited	(354,376)		1.36
<b>Balance, March 31, 2019</b>	<b>6,343,948</b>	<b>\$</b>	<b>1.05</b>

As at March 31, 2019, 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
4,068,683	4,068,683	\$ 3,872,527	\$ 1.36	June 13, 2021	2.21
275,265	275,265	211,634	1.36	September 30, 2021	2.50
1,500,000	1,500,000	110,004	0.33	March 14, 2021	1.96
500,000	500,000	105,130	0.46	March 28, 2024	5.00
6,343,948	6,343,948	\$ 4,299,295			2.38

During the three months ended March 31, 2019, the Company granted 2,000,000 stock options, (no stock options granted for the three months ended March 31, 2018) and options vested with a total value of \$215,134 (\$nil for the three months ended March 31, 2018).

The weighted average grant date fair value of options granted during the three months ended March 31, 2019 was measured using the Black-Scholes option pricing model. The following inputs were used in the measurement of fair values at grant date: expected dividend yield of 0%, expected volatility of 74% based on the Company's historical volatility, weighted average risk - free interest rate of 1.45%, weighted average share price of \$0.36 and a weighted average expected life of 2.75 years. The weighted average grant-date fair value of options granted during the three months ended March 31, 2019 was \$0.15 per option. The options granted by the Company vested immediately on the date of grant.

# EURO SUN MINING INC.

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## 6. Share capital (continued)

(d) Common share purchase warrants

	Number of warrants		Weighted average exercise price (CAD)
Balance, December 31, 2017	4,475,816	\$	2.07
Expired	(543,391)		1.29
Balance, December 31, 2018	3,932,425	\$	2.18
Warrants issued in private placement	5,000,000		0.50
<b>Balance, March 31, 2019</b>	<b>8,932,425</b>	<b>\$</b>	<b>1.24</b>

At March 31, 2019, 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
3,932,425 \$	2,205,265 \$	2.18	May 19, 2019
5,000,000	252,192	0.50	March 26, 2021
8,932,425 \$	2,457,457 \$	1.24	

On March 26, 2019, the Company issued 5,000,000 warrants as part of a private placement which entitles the holder to purchase one common share of the Company at an exercise price of CAD\$0.50 until March 26, 2021. The fair value of these warrants of \$252,192 was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 78% based on the Company's historical volatility, risk-free rate of 1.46%, and expected life of two years.

See Note 11.

# EURO SUN MINING INC.

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## 7. Exploration and evaluation expenditures

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

	Three months ended March 31, 2019	Three months ended March 31, 2018
Consulting and technical	\$ 597,774	\$ 538,328
Surface rights	10,576	57,003
Environmental studies	3,045	96,451
Other exploration costs	36,335	116,722
Metallurgical testing	34,552	94,794
Field office support and administration	141,712	94,136
Professional fees	5,916	-
Travel	2,506	2,820
	<b>\$ 832,416</b>	<b>\$ 1,000,254</b>

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 will come into effect once it is ratified by the Romanian Government. Once ratified, the mining license is valid for 20 years, renewable for periods of five years until all the resources have been mined. The project carries a 6% (gold) and 5% (copper) net smelter return "NSR" royalty payable to the Romanian state once in production. As at March 31, 2019, the Company has only one material segment for financial reporting purposes, which is the development of its Romanian mining permit.

## 8. Related party transactions

Key management personnel compensation:

	Three months ended March 31, 2019	Three months ended March 31, 2018
Directors and officers compensation	\$ 325,754	\$ 369,982
Share-based payments	77,829	1,678,859
	<b>\$ 403,583</b>	<b>\$ 2,048,841</b>

Included in the above amounts is \$67,695 (\$71,163 for the three months ended March 31, 2018) paid according to a contract for business and operational consulting services with Forbes & Manhattan Inc., a company of which Mr. Stan Bharti is the Executive Chairman, Mr. Matt Simpson is Chief Executive Officer and both of whom are directors of the Company.

As at March 31, 2019, the Company had \$26,570 (December 31, 2018 - \$26,542) in accounts payable owing to related parties. These amounts are unsecured, non-interest bearing and due on demand.

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
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## 9. Commitments and contingencies

### (a) Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$4.0 million upon the occurrence of a change of control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$2.6 million pursuant to the terms of these contracts. As a triggering event has not taken place, these amounts have not been recorded in these condensed consolidated interim 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.

## 10. 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 is 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 are subject to interest of 0.2% per day from the due date until the date the payment is made. The lease is for fixed term of five years commencing August 2017. As at March 31, 2019, 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.

Lease liability as at January 1, 2019	\$	354,744
Interest expense		7,122
Lease payments		(27,373)
<b>Lease liability as at March 31, 2019</b>	<b>\$</b>	<b>334,493</b>

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		<b>March 31, 2019</b>
Current lease liability	\$	<b>85,818</b>
Non-current lease liability		<b>248,675</b>
	\$	<b>334,493</b>

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# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements

For the three months ended March 31, 2019 and 2018

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## 11. Subsequent event

### Amendment to outstanding warrants

On April 12, 2019, the Company announced that it had received approval from the Toronto Stock Exchange to amend the exercise price of the 3,932,425 outstanding common share purchase warrants that were originally issued by the Company on May 19, 2016. Each warrant was previously exercisable to acquire one common share of the Company at a price of CAD\$2.18 per common share until May 19, 2019. Effective April 26, 2019, the exercise price of the warrants has been amended to CAD\$0.85 per common share. All other terms of the warrants remain unchanged.

### Share based compensation

Subsequent to March 31, 2019, the Company issued 3,870,000 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 Company granted 840,000 stock options with an exercise price of \$0.73 and an expiration period of five years. All stock options granted vested immediately on the date of grant.



**Management Discussion and Analysis  
For the three months ended March 31, 2019**

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

**Date: May 13, 2019**

This Management Discussion and Analysis (“MD&A”) relates to the financial condition and results of operations of Euro Sun Mining Inc. (“Euro Sun” or the “Company”) as at and for the three months ended March 31, 2019. This MD&A should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements and related notes as at and for the three months ended March 31, 2019 and its audited consolidated financial statements as at and for the year ended December 31, 2018. The unaudited condensed consolidated interim financial statements and related notes of Euro Sun have been prepared in accordance with IAS 34, Interim Financial Reporting. Unless otherwise noted, all references to currency in this MD&A are in U.S. dollars.

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

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

Mr. Pierre Desautels, P. Geo., and Mr. Gordon Zurowski, P. Eng., both principal partners of AGP Mining Consultants Inc. (“AGP”), who are independent Qualified Person (as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) has reviewed and approved the scientific and technical information in this MD&A under the sections “Company Overview”, “Rovina Valley Project – History and Latest Developments”, “Rovina Valley Project Resource Estimate Update”, “Rovina Valley Project Preliminary Economic Assessment”, “2019 PEA Highlights”, “First Quarter Highlights” and “Outlook”.

Management is responsible for the information disclosed in this MD&A and the accompanying financial statements and has in place the appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. The audit committee of the board of directors of the Company has reviewed this MD&A and the unaudited consolidated financial statements as at and for the three months ended March 31, 2019, and Euro Sun’s board of directors approved these documents prior to their release.

## **Company Overview**

The Company is principally a mineral exploration and development company. Through its subsidiaries, the Company is currently focused on advancing its exploration and development plans on its 100%-owned Rovina Valley gold and copper project (the “Rovina Valley Project” or “RVP”) located in west-central Romania. The Rovina Valley Project consists of three copper-gold porphyry systems referred to as Rovina, Colnic and Ciresata on which the Company has carried out extensive exploration programs. RVP is the second largest gold deposit in Europe containing measured and indicated mineral resources of 7.1 million ounces of gold grading 0.55 g/t and 1.4 billion pounds of copper grading 0.16%.

## **Rovina Valley Project – History and Latest Developments**

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

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

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

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

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

During the third quarter, 2014, the Company with a consortium of Romanian specialists completed a mining study for a 20,000 tonnes per day operation and associated environmental impact and risk studies which were submitted to NAMR in August 2014. In October 2014, NAMR approved the mining waste management plan as one of the key steps in the Mining License approval process. There has been no previous commercial mining activity at the Rovina Valley Project and the proposed mine site footprint, as defined by its Mining License Application, does not include any known protected heritage sites or archaeological occurrences and has been specifically designed to minimize the impact on nearby communities. In addition, the Company continues to assess the scalability of a potential mining operation at the Rovina Valley Project with the goal to optimize return on investment.

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

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

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

The Company initiated a feasibility study and metallurgical testing contract in September 2017 as well as evaluating scalability options for project development (the “Feasibility Study”). The feasibility study activity has been focused on metallurgical testing to confirm flotation gold and copper recovery characteristics. Additional testing is planned to further test the flotation tailings and concentrate as to their filtration and sedimentation characteristics. Ausenco SRK has provided guidance on field programs for developing additional geotechnical and hydrological design criteria for the Feasibility Study.

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

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

## Rovina Valley Project Resource Estimate Update

On February 20<sup>th</sup>, 2019, Euro Sun announced its updated NI 43-101 mineral resource estimate ("2019 Resource Estimate") as prepared by independent consultants AGP, on its 100% owned Rovina Mining License in west-central Romania. The 2019 Resource Estimate includes the Colnic, Rovina and Ciresata gold-rich copper porphyry deposits, collectively referred to as the Rovina Valley Project. All three deposits are in close proximity and mill feed will be treated at a central facility. Colnic and Rovina are amenable to open-pit mining and Ciresata to bulk underground mining.

The 2019 Resource Estimate is an update to the 2012 Resource Estimate (completed by AGP) to primarily reflect higher operating costs, new metallurgical recoveries (see ESM Press Release dated September 19, 2018), and higher metal prices on resource constraining Lerchs-Grossman open pits using appropriate cut-off grades. The geologic model and interpolated block model from the 2012 Resource Estimate are not changed in this current estimate (see the 2019 Resource Estimate 43-101 Technical Report filed on SEDAR on April 1, 2019). Mineral resources were estimated in conformance with the 2014 CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101 and are considered to have reasonable prospects for economic extraction.

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

### Rovina Valley Resource Estimate (2019)

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

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

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

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

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

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

## **Rovina Valley Project Preliminary Economic Assessment**

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

### **2019 PEA Highlights**

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

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

## Preliminary Economic Assessment Highlights

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

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

Further information on the Rovina Valley Project, including the 2019 Technical Report, can be found on the Company’s web site at [www.eurosunmining.com](http://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.

## **First Quarter Highlights**

### ***Preliminary Economic Assessment ("PEA")***

In February 2019, the Company announced preliminary results from its PEA for the initial phase of development at the Rovina Valley project with the final PEA being released in April 2019. In the initial phase, the PEA highlighted average annual gold equivalent production of 139,000 gold-equivalent ounces, Colnic production of 1,675,000 Gold Equivalent ounces (1,201,000 ounces Au) over 12 years, a processing rate of 20,000 tonnes per day incorporating flotation and dry stack tailing deposition, pre-tax NPV(5%) of \$218.1 million with an IRR of 15.4% and post-tax NPV(5%) of \$168.8 million with an IRR of 13.5% at \$1,325/oz gold and \$3.10/lb copper, initial capital costs of \$339.7 million (total capex of \$352 million) and average metallurgical recoveries of 82% for gold and 89% of copper, without utilizing cyanide.

### ***Private Placement***

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

## **Subsequent Events**

### ***Warrant Amendment***

On April 12, 2019, the Company announced that it had received approval from the Toronto Stock Exchange to amend the exercise price of the 3,932,425 outstanding common share purchase warrants that were originally issued by the Company on May 19, 2016. Each warrant was previously exercisable to acquire one common share of the Company at a price of \$2.18 per common share until May 19, 2019. Effective April 26, 2019, the exercise price of the warrants has been amended to \$0.85 per common share. All other terms of the warrants remain unchanged.

### ***Board Changes***

The Company announced that Ms. Eva Bellissimo joined the Board of Directors in April 2019. Ms. Bellissimo comes to the Board with 17 years of experience in M&A, corporate finance, and securities law compliance matters within the mining industry.

### ***Mining Activity Authorization***

In April 2019, the Company announced that it had received authorization from the National Agency for Mineral Resources ("NAMR") to commence mining activities at its Rovina Valley project. Mining activity per the Romanian Mining law means all work related to prospecting, exploration, development, exploitation, preparation/processing,

concentration, commercialization of mining products, care and maintenance/closure of mines, including environment rehabilitation. Following this authorization, the Company intends to focus on the development of the Rovina Valley Project mining activities in accordance with the NAMR approved Exploitation Development plan, which for the first year includes, mining activities geotechnical/sterilization drilling and legally required studies to support the procedure for obtaining the construction permit for the mining project.

## Outlook

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

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

## Selected Annual Information

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

## Selected Quarterly Financial Information

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

For the quarters ended	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Net loss for the period	\$ (1,861,245)	\$ (932,018)	\$ (1,320,702)	\$ (1,012,655)
Basic and diluted loss per share	(0.03)	(0.02)	(0.02)	(0.02)

For the quarters ended	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Net loss for the period	\$ (3,950,395)	\$ (2,982,712)	\$ (1,130,369)	\$ (1,023,614)
Basic and diluted loss per share	(0.07)	(0.05)	(0.03)	(0.02)

## Results of operations for the three months ended March 31, 2019

### *Selected financial information*

	<b>Three months ended March 31, 2019</b>	Three months ended March 31, 2018
Loss for the period	\$ (1,861,245)	\$ (3,950,395)
Loss per share	(0.03)	(0.07)
Expenses:		
Consulting and management fees	\$ 336,933	\$ 326,592
Professional fees	38,860	29,408
General office expenses	40,083	70,617
Share-based compensation	304,001	2,188,257
Travel expenses	28,153	109,434
Shareholder communications and filing fees	235,905	19,978
Loss from investment in associate	29,561	12,027
Other expenses	15,333	193,828
	<b>\$ 1,028,829</b>	<b>\$ 2,950,141</b>
Exploration and evaluation expenditures:		
Consulting and technical	\$ 597,774	\$ 538,328
Surface rights	10,576	57,003
Environmental studies	3,045	96,451
Other exploration costs	36,335	116,722
Metallurgical testing	34,552	94,794
Field office support and administration	141,712	94,136
Professional fees	5,916	-
Travel	2,506	2,820
	<b>\$ 832,416</b>	<b>\$ 1,000,254</b>

### *Results of operations for the three months ended March 31, 2019 ("Q1 2019")*

The net loss for Q1 2019 was \$1,861,245 compared to a net loss of \$3,950,395 for Q1 2018. The loss per share was \$0.03 in Q1 2019 compared to a loss per share of \$0.07 in Q1 2018.

Share-based compensation for the quarter was \$304,001 compared to \$2,188,257 in the comparative period. This difference was primarily due to the grant and subsequent revaluation of 3,351,259 DSUs granted on January 31, 2018 compared to the vesting and revaluation of the outstanding DSUs, combined with stock option grants as at and for the three months ended March 31, 2019.

The Company has decreased its exploration and evaluation expenditure during the quarter to \$832,416 from \$1,000,254 in the comparative period. This change is primarily due to lower spending on surface rights acquisition, environmental studies and other exploration costs.

## ***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, 2019, the Company had cash and cash equivalents of \$884,042 (December 31, 2018 - \$460,704) and working capital of \$5,867 (December 31, 2018 – negative \$486,519). The Company's cash flow needs are for funding the continuing operations of the exploration work in Romania, working capital requirements and corporate administration.

On November 8, 2018, the Company closed a non-brokered private placement financing of 4,333,333 commons shares at a price of CAD\$0.60 per share for gross proceeds of \$2,000,000 (CAD\$2,619,200).

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

## **Operating Segments**

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

## **Off-Balance Sheet Arrangements**

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

## **Financial Commitments and Litigation**

### Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$4.0 million upon the occurrence of a change of control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$2.6 million pursuant to the terms of these contracts.

### Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

## **Related Party Transactions**

During the three months ended March 31, 2019, the Company entered into the following transactions with related parties not disclosed elsewhere:

The Company paid or accrued \$403,583 (\$2,048,841 for the three months ended March 31, 2018) of management compensation relating to officers and directors of the Company. Included in this amount is \$67,695 (\$71,163 for the three months ended March 31, 2018) paid according to a contract for business and operational consulting services with Forbes & Manhattan Inc., a company which of Mr. Stan Bharti is the Executive Chairman and Mr. Matt Simpson is Chief Executive Officer both of whom are directors of the Company

On January 31, 2018, the Company granted 2,820,000 DSUs to various current officers and directors of the Company with a vested value at March 31, 2019 of CAD\$1,165,600 (\$872,259).

## **Significant Accounting Policies**

The unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2018 with the exception of the adoption of new accounting pronouncements on January 1, 2019 as outlined below.

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

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

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

At transition, lease liabilities of \$354,744 and right-of-use assets of \$331,946 were recognized in the consolidated statement of financial position. The difference of \$22,798 was recognized as a reduction in retained earnings.

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

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The

liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of earnings.

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

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

### **Risk Factors**

Investing in the Company involves risks that should be carefully considered. The business and operations of the Company as well as those of its subsidiaries are speculative due to their nature, the locations in which they operate, and their relative stages of development. Investors should be aware that there are various risks, that could have a material adverse effect on, among other things, title to the projects, permitting, the operating results, earnings, business and condition (financial or otherwise) of the Company. For a listing of risk factors, investors should refer to the Company's Annual Information Form in respect of the year ended December 31, 2018 filed on SEDAR.

### **Additional Information and Continuous Disclosure**

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

### **Outstanding Share Data**

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

- a) 72,408,794 common shares outstanding;
- b) 8,432,425 warrants outstanding with expiry dates ranging from May 19, 2019 to March 26, 2021 with exercise prices between \$0.50 and \$0.85. If all the warrants were exercised, 8,432,425 shares would be issued for proceeds of CAD\$3,342,561.
- c) 7,183,948 stock options outstanding with expiry dates ranging from June 13, 2021 to April 5, 2024 with exercise prices from CAD\$0.33 to CAD\$1.36. If exercised, 7,183,948 shares would be issued for proceeds of CAD\$6,632,769.
- d) 7,121,259 deferred share units with no fixed expiry.

### **Cautionary and non-GAAP Measures and Additional GAAP Measures**

Note that for purposes of this section, GAAP refers to IFRS. The Company believes that investors use certain non-GAAP and additional GAAP measures as indicators to assess gold mining companies. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared with GAAP. Non-GAAP and additional GAAP measures do not have standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other companies.

## **Cautionary Statement Regarding Forward-Looking Information**

Except for statements of historical fact relating to Euro Sun certain information contained herein constitutes forward-looking information within the meaning of applicable Canadian securities legislation which may include, but is not limited to, information with respect to the Company's expected production from, and further potential of, the Company's properties; the Company's ability to raise additional funds; the future price of minerals, particularly gold and copper; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Often, but not always, forward-looking statements/information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements/information is based on management's expectations and reasonable assumptions at the time such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on assumptions underlying mineral resource estimates and the realization of such estimates are set out herein.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Euro Sun and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include: uncertainties of mineral resource estimates; the nature of mineral exploration and mining; variations in ore grade and recovery rates; cost of operations; fluctuations in the sale prices of products; volatility of gold and copper prices; exploration and development risks; liquidity concerns and future financings; risks associated with operations in foreign jurisdictions; potential revocation or change in permit requirements and project approvals; competition; no guarantee of titles to explore and operate; environmental liabilities and regulatory requirements; dependence on key individuals; conflicts of interests; insurance; fluctuation in market value of Euro Sun's shares; rising production costs; equipment material and skilled technical workers; volatile current global financial conditions; and currency fluctuations; and other risks pertaining to the mining industry. Although Euro Sun has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Euro Sun does not undertake to update any such forward-looking information, except in accordance with applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers are cautioned not to place undue reliance on forward-looking information.











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