EUROSUN
MINING

ANNUAL INFORMATION FORM

For the Financial Year Ended December 31, 2016

As of March 21, 2017

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In this Annual Information Form for the financial year ended December 31, 2016 (the "**Annual Information Form**"), the "Corporation" or "Euro Sun" refers to Euro Sun Mining Inc., unless otherwise indicated or the context otherwise requires. All information contained herein is as at March 21, 2017, unless otherwise indicated.

All dollar amounts in this Annual Information Form are in Canadian dollars, unless otherwise indicated.

Glossary of Mining Terms

The following is a glossary of certain mining terms used in this Annual Information Form:

anomaly	Any departure from the norm which may indicate the presence of mineralization in the underlying bedrock.
assay	A wet chemical, fusion, or x-ray test performed on a small sample of ores or minerals to determine the amount of valuable metals contained.
Au	Gold.
Au Eq.	Gold equivalent.
bornite	A copper-iron-sulphide mineral.
breccia	A rock in which angular fragments are surrounded by a mass of fine-grained minerals.
chalcopyrite	A sulphide mineral of copper and iron; the most important ore mineral of copper.
CIM Standards	The Canadian Institute of Mining, Metallurgy and Petroleum standards.
core hole drilling	The drilling of a hole into bedrock with the retrieval of a cylindrical piece of rock.
correlogram	A graph of the autocorrelations.
Cu	Copper.
Cu Eq.	Copper equivalent.
cyanidation	A method of extracting exposed gold or silver grains from crushed or ground ore by dissolving the gold in a weak cyanide solution. May be carried out in agitated tanks or in heaps of ore.
deposit	A natural occurrence of a useful mineral, in sufficient extent and degree of concentration to invite exploitation.
diamond drill	A rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two centimetres or more in diameter.

diorite	An intrusive igneous rock composed chiefly of sodic plagioclase, hornblende, biotite or pyroxene.
epithermal	A term applied to hydrothermal mineral deposits formed at shallow depths from ascending solutions of moderate temperatures and occurring mainly in veins.
flotation	A milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink.
g/t Au	Grams of gold per tonne.
g/t Au Eq.	Grams of gold equivalent per tonne.
geochemistry	The study of the chemical properties of rocks.
geophysical survey	A scientific method of prospecting that measures the physical properties of rock formations. Common properties investigated include magnetism, specific gravity, electrical conductivity and radioactivity.
grade	The relative quantity of the mineral or metal content in a deposit.
hydrothermal	A term pertaining to hot water, especially with respect to its action in dissolving, re-depositing and otherwise producing mineral changes within the Earth's crust.
igneous rock	Rocks formed by the solidification of molten material from far below the Earth's surface.
intermediate rock	An igneous rock containing 52% to 66% quartz.
intrusive rock	A body of igneous rock formed by the consolidation of magma intruded into other rocks, in contrast to lavas, which are extruded upon the surface.
IP/resistivity	A geological technique used to measure the resistance of a rock formation to an electric current.
isotropic	A medium whose physical properties are independent of the direction in which they are measured.
km	Kilometres.
km^2	Square kilometres.
m	Metres.
metamorphic rocks	Rocks which have undergone a change in texture or composition as the result of heat and/or pressure.
mineral	A naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favorable conditions, a definite crystal form.

mineral reserves A *mineral reserve* is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes allowances for dilution and losses that may occur when the material is trained.

Proven mineral reserve: A proven mineral reserve is the economically mineable part of a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, and economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Probable mineral reserve: A probable mineral reserve is the economically mineable part of an indicated mineral resource, and in some circumstances a measured mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, and economic and other relevant factors that demonstrates, at the time of reporting, that economic extraction can be justified.

mineral resource A *mineral resource* is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

Measured mineral resource: A measured mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Indicated mineral resource: An indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and test information gathered through appropriate techniques from location such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

mineralization	The introduction of potential ore minerals into a pre-existing rock.
NSR	NSR or Net Smelter Return is a phrase used to describe the value of the mineral product received by the mine after deduction of smelting and refining charges, freight and insurance.
open pit	A mine that is entirely on surface. Also referred to as an open-cut or open-cast mine.
oz	Troy ounce, the unit in which gold is quoted. A Troy ounce represents approximately 31.103 g.
PEA	A preliminary economic assessment.
porphyry	Any igneous rock in which relatively large crystals, called phenocrysts, are set in a fine-grained groundmass.
porphyry copper	A deposit of disseminated copper minerals in or around a large body of intrusive rock.
potassic-porphyry	A porphyry rich in potassic minerals.
pyrite	A yellow iron sulphide mineral, normally of little value.
QA/QC	Quality assurance/quality control.
reclamation	The process by which lands disturbed as a result of mining activity are reclaimed back to a beneficial land use. Reclamation activity includes the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings impoundments, leach pads and other mine features, and contouring, covering and re-vegetation of waste rock piles and other disturbed areas.
recovery	A term used in mineral processing to indicate the proportion of valuable material obtained in the treatment of an ore. It is generally stated as a percentage of valuable metal in the ore that is recovered compared to the total valuable metal present in the ore.
rock	Any natural combination of minerals; part of the Earth's crust.
silicification	The introduction of or replacement by silica, generally resulting in the formation of a fine grained quartz, chalcedony or opal, which may both fill pores and replace existing minerals.
sericite	A white fine grained potassium mica occurring in small scales and flakes as an alteration product of various aluminosilicate minerals, having a silky

	lustre, and found in wall rocks, fault gouge, and vein fillings of many ore deposits.
skarn	Name for the metamorphic rocks surrounding an igneous intrusive where it comes in contact with a limestone or dolostone formation.
stock work	A mineral deposit consisting of a three-dimensional network of irregular veinlets closely enough spaced that the whole mass can be mined.
strike	Direction or trend of a geologic structure.
sulphide	A group of minerals in which one or more metals are found in combination with sulphur.
supergene	The leaching of valuable elements from the upper parts of mineral deposits and their precipitation at depth to produce higher concentrations.
trenching	The surface excavation of a long trench into bedrock.
variogram	The relationship between differences in pairs of measurements and the distance of the corresponding points from each other.
vein	A thin sheet-like intrusion into a fissure or crack, commonly bearing quartz.
volcanic rocks	Igneous rocks formed from magma that has flowed out or has been violently ejected from a volcano.
waste	Barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.

Metric Equivalent Table

For ease of reference, the following factors for converting imperial measurements into metric equivalents are provided:

Metric Measurement Units	To Convert to Imperial Measurement Units	Divide By
Hectares	Acres	0.4047
Metres	Feet	0.3048
Kilometres	Miles	1.6093
Grams	Ounces (Troy)	31.1035
Kilograms	Pounds	0.4536
Tonnes	Short tons	0.9072
Grams per tonne	Troy ounces per ton	34.2857

FORWARD-LOOKING INFORMATION

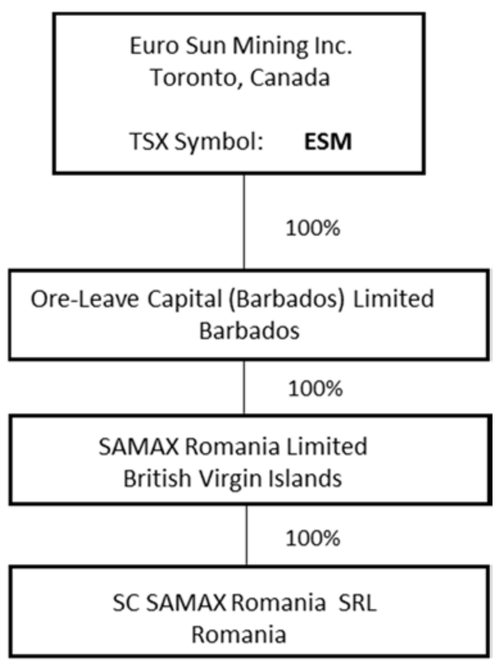
Certain information provided in this Annual Information Form and any documents incorporated by reference may constitute “forward-looking information” within the meaning of applicable Canadian securities legislation which may include, but is not limited to, information with respect to the Corporation’s expected production from, and further potential of, the Corporation’s properties; the Corporation’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 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 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. Capital and operating cost estimates are based on extensive research of the Corporation, purchase orders placed by the Corporation to date, recent estimates of construction and mining costs and other factors that 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, as well as those factors discussed in the section entitled “Risk Factors”. 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. Forward-looking information contained herein or incorporated by reference are made as of the date of this Annual Information Form or as of the date of the documents incorporated by reference, as the case may be, and 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. The forward-looking information contained or incorporated by reference in this document is presented for the purpose of assisting shareholders in understanding the financial position, strategic priorities and objectives of the Corporation for the periods referenced and such information may not be appropriate for other purposes.

CORPORATE STRUCTURE

The Corporation's full corporate name is Euro Sun Mining Inc. The Corporation's head and registered office is at 65 Queen Street West, 8th Floor, Toronto, Onatrio, M5H 2M5

The Corporation was incorporated pursuant to the provisions of the *Canada Business Corporations Act* (the "**CBCA**") as Ore-Leave Capital Inc. on January 17, 2003. On March 26, 2003, the Corporation amended its Articles to remove the private company provisions and the restrictions on share transfers. On June 24, 2004, the Corporation amended its Articles to change its name to Carpathian Gold Inc. On August 18, 2016, the Corporation further amended its Articles to change its name to Euro Sun Mining Inc.

The following diagram illustrates the current corporate structure of the Corporation, including the percentage of voting securities beneficially owned, directed or controlled, directly or indirectly by the Corporation of its principal subsidiaries, as well as the jurisdictions in which such principal subsidiaries were incorporated, continued, formed or organized:



GENERAL DESCRIPTION AND NARRATIVE DESCRIPTION OF THE BUSINESS

The Corporation is principally a mineral exploration and development company. Through its subsidiaries, the Corporation is currently involved in the exploration and development of mineral properties situated in Romania. The Corporation has carried out extensive exploration programs on three copper-gold porphyry systems referred to as Rovina, Colnic and Ciresata (collectively, the "**Rovina Valley Project**" or "**RVP**") with a view to advancing them to the pre-feasibility stage. In addition, since 2008 up until April 29, 2016, the Corporation's business was also focused on the exploration, development, construction and operation of the the Riacho dos Machados gold project (the "**RDM Project**") located in the state of Minas Gerais, Brazil.

The table below provides a breakdown of exploration and development expenditures on all of the Corporation's properties over a three-year period ending December 31, 2016:

Year	Exploration Expenditures (US$)
2014	$2,322,786
2015	$939,349
2016	$1,473,999
Total:	**$4,736,134**

The Corporation's significant projects for the past three years, as more fully described by management, are set out below.

Romania

The Corporation holds the Rovina Valley Project through an exploration license which covers a total of approximately 94 square kilometres (the "**Rovina License**") that is currently being converted through a formal government process to a mining license. The Rovina Valley Project is the Corporation's sole exploration project in Eastern Europe and the main focus of its exploration efforts there since 2005. It hosts three copper-gold porphyry systems or deposits: Rovina (the "**Rovina Deposit**"), Colnic (the "**Colnic Deposit**") and Ciresata (the "**Ciresata Deposit**"). The Colnic Deposit is located approximately 2.5 km south of the Rovina Deposit and the Ciresata Deposit is approximately 4 km south of the Colnic Deposit.

The area covered by the Rovina License has access to all necessary power and water supplies. The topography of the area is hilly with forest vegetation and an elevation of approximately 900 m above sea-level.

On November 17, 2008, the Corporation released the results of an updated NI 43-101 Mineral Resource Estimate (the "**Resource Estimate**") on the Rovina Valley Project indicating 193.1 million tonnes of 0.49 g/t Au and 0.18% Cu in the Measured and Indicated categories for a total of 3.07 million ounces of gold and 759.1 million pounds of copper and 177.7 million tonnes of 0.68 g/t Au and 0.17% Cu in the Inferred category for 3.89 million ounces of gold and 663.1 million pounds of copper. The complete report can be found on www.SEDAR.com. The Ciresata deposit hosts significant mineralization above the cut-off grade of 0.70 g/t Au eq, which was not incorporated into the Resource Estimate due to low drill hole density on the edges of the Resource Estimate mineralization, and at depth where the mineralization is still open. Nearly every drill hole in the Ciresata Deposit bottomed in mineralization.

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

During 2010, the Corporation announced the results of three deep diamond drill holes at the Ciresata Deposit. The three deep, vertical core holes (approximately 3,000 m) were designed to test for the depth extension of the Ciresata mineralization as the results of the PEA highlighted additional upside potential for resource growth at the Ciresata Deposit given that practically every drill hole bottomed in higher-grade gold and copper mineralization. The drill program was also designed to provide infill drill hole data, which would serve to upgrade the present resource category from inferred to indicated. The results of this drilling program have successfully met our objectives and have added significant depth extensions of gold and copper mineralization below previous drilling in addition to verifying and upgrading the grade tenor of the inferred resource estimate. Results of the three deep drill holes have added 280 to 300 m depth extension of Au-Cu mineralization below the previous drilling, and indicate that the deposit is still open laterally.

As a result of the success of the 2010 drill program, the Corporation embarked on a +35,000 metre drill program in 2011 in order to define the limits of the Ciresata Deposit, upgrade the RVP inferred resource to the Measured plus Indicated resource categories, as well as test satellite targets.

On July 17, 2012, the Corporation 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 Consultants Inc. ("**AGP**") which is an independent engineering company. The 2012 Resource Estimate increased the previous measured plus indicated gold resource category by 134% to 7.19 million ounces and increased the measured plus indicated copper resource by 84% to 1,420 million pounds of copper. In addition the measured plus indicated gold resource grade increased by 12.2 % from the previous resource and the tonnage by 110%.

The 2012 resource update is shown below:

Resource Category	**Tonnage (MM t)**	**Au (g/t)**	**Cu (%)**	**Gold (MM oz)**	**Copper (MM lbs)**	**Au eq* (MM oz)**
Measured						
Rovina (open-pit)	31.8	0.36	0.30	0.37	209.0	0.91
Colnic (open-pit)	29.4	0.64	0.12	0.61	75.0	0.80
Ciresata (underground)	29.7	0.86	0.16	0.82	105.0	1.09
Total Measured	**90.9**	**0.62**	**0.19**	**1.80**	**389.0**	**2.80**
Indicated						
Rovina (open-pit)	73.5	0.27	0.23	0.64	370.0	1.59
Colnic (open-pit)	106.3	0.47	0.10	1.59	226.0	2.18
Ciresata (underground)	135.1	0.72	0.15	3.15	435.0	4.26
Total Indicated	**314.9**	**0.53**	**0.15**	**5.38**	**1,031.0**	**8.03**
Total Measured + Indicated	**405.8**	**0.55**	**0.16**	**7.18**	**1,420.0**	**10.83**

Comparison to 2008 Resource Estimate	+ 110%	+12.2%	-11.1%	+134%	+87%	+113%
Inferred						
Rovina (open-pit)	**13.4**	**0.19**	**0.20**	**0.08**	**60.0**	**0.24**
Colnic (open-pit)	**3.8**	**0.32**	**0.10**	**0.04**	**8.0**	**0.06**
Ciresata (underground)	**9.6**	**0.67**	**0.14**	**0.21**	**29.0**	**0.28**
Total Inferred	**26.8**	**0.38**	**0.16**	**0.33**	**97.0**	**0.58**
Comparison to 2008 Resource Estimate	-85%	-43.7%	-3.1%	-92%	-85%	-90%

- *Au eq. determined by using a gold price of US$1,370 per ounce and a copper price of US3.52/lb. These prices are the 3-year trailing average as of July 10, 2012. Metallurgical recoveries are not taken into account for Au eq.
- Base case cut-off used in the table are 0.35 g/t Au eq. for the Colnic deposit and 0.25% Cu eq for the Rovina deposit, both of which are amenable to open pit mining and 0.65 g/t Au eq for the Ciresata deposit which is amenable to underground bulk mining.
- For the Rovina and Colnic porphyries, the resource is an in-pit resource derived from a Whittle shell model using gross metal values of $1,350/oz Au price and $3.00/lb Cu price, net of payable amounts after smelter charges and royalty for net values of US$1,313/oz Au and US$2.57/lb Cu for Rovina and US$2.27/Ib Cu for Colnic.
- Rounding of tonnes as required by reporting guidelines may result in apparent differences between tonnes, grade and contained metal content.

A consortium of leading engineering groups and specialists, led by AGP was selected in July 2011 to complete a Pre-Feasibility Study for the Rovina Valley Project, specifically on the Ciresata, Colnic and Rovina porphyry deposits. The Pre-Feasibility Study was put on hold in 2013, given the decline in commodity prices and the equity markets sentiment to fund low grade, large capital cost projects. The interim results of the pre-feasibility study are being reviewed internally for a smaller scale operation than was envisioned in the PEA study competed in March 2010.

During 2012 and subsequent to the data closure date of the 2012 Resource Estimate update, the Corporation 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 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 Corporation, through its wholly-owned subsidiary, SAMAX Romania SRL ("**SAMAX**") notified the 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 ("**MLA**") documentation including the mining study, the waste management plan, an environmental assessment, various impact studies and a closure plan. In March 2013, the Romanian National Agency for Mineral Resources ("**NAMR**") approved and registered the MLA resources/reserves in the National Registry. In October 2013, the NAMR approved the mining waste management plan.

Although initially, the MLA was to be based on a large 40,000 tonne per day operation, the decline in commodity prices and increases in capital cost items since the filing of a preliminary economic assessment ("**PEA**") in 2010, the Corporation initiated a review of the scope of the project as a smaller, lower capital intensive operation.

During the third quarter, 2014, the Corporation 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 the NAMR in August 2014. In October 2014, the NAMR approved the mining waste management plan as one of the key steps in the Mining License approval process. In addition, the Corporation continues to assess the scalability of a potential mining operation at the Rovina Valley project with the goal to optimize return on investment. The revised MLA may form the basis for the re commencement of the Pre-Feasibility Study.

On May 27, 2015, the NAMR granted a 20-year mining license ("**MLA**") for the Rovina Valley Project. The granting of the MLA represents the first and most important step in the licensing process. Under Romanian law, the MLA will come into effect upon final review by several government departments and its publication in the official gazette. The Corporation will now proceed with a Bankable Feasibility Study which will outline revised project costs and evaluate scalability options. The granting of the Rovina MLA represents the first time that Romania has granted a mining license for metals without the involvement of a state-owned enterprise.

Following the conversion to a mining license, approval to begin construction and mining operations will require a building authorization permit that will include land zoning and final environmental reviews and government approval resulting from a full Environmental Impact Assessment ("**EIA**") study. During the conversion process from an exploration 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.

Through its wholly-owned operating subsidiary, SAMAX, the Corporation 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 Corporation continues with its long lead time work activities for both the EIA and SIA documentation that will be required for the permitting of the project.

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

All exploration activities undertaken by the Corporation in Romania must occur on valid exploration licenses or prospecting permits issued by the 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 Corporation must submit reports of work completed and follow-up work programs on an annual basis to the 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 ‘urbanisation 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.

Due to the fact that SAMAX is an exploration-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 Corporation and are factored into the Corporation’s budgets for exploration programs. If and when the Corporation 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 Corporation 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.

On October 18, 2016, the Corporation announced that it obtained a new prospecting permit from Romanian’s NAMR for the Stanija area, located approximately 3 kilometres east of its Rovina Valley Mining Licence, in west-central Romania. The Stanija property covers 42 square kilometres in the highly prolific Golden Quadrilateral mining district in the South Apuseni Mountains. The permit is valid for three years and exploration work will begin immediately. Extensive exploration activities were conducted in the Stanija area after the modern mining law became effective, in 1998; initially from 2000 to 2004 by European Goldfields, and again by Euro Sun’s subsidiary, Samax Romania SRL in 2007. Based on results from this historical work, Euro Sun has already identified several exploration targets within the two target areas.

Brazil

Until April 29, 2016, the RDM Project was the Corporation’s sole project in Brazil and the focus of its efforts since late 2008. The Corporation, through its Brazilian subsidiary, Mineração Riacho dos Machados (“**MRDM**”), owned 100% of the RDM Project. For a complete discussion on the business and development of the MRDM and the RDM Project, please refer to the Management's Discussion and Analysis for the year ended December 31, 2015 which is attached to this Listing Statement as Appendix "A".

On November 20, 2015, the Corporation announced that, as a result of an agreement entered into between Macquarie Bank and Brio Gold Inc. ("**Brio**"), Brio was granted an option to (i) acquire all of Macquarie Bank's rights and interests in the Facility, the gold purchase agreement and the gold sale and purchase agreement and related guarantees previously entered into by Macquarie Bank and the Corporation, MRDM and certain other subsidiaries of the Corporation (collectively, the "**Obligors**"), and (ii) receive from Macquarie Bank an assignment of Macquarie Bank's security in respect of the foregoing agreements (all of the foregoing agreements and the security are collectively referred to as the "**Financial Assets**").

On February 17, 2016, Macquarie Bank and Brio entered into a definitive assignment and assumption agreement (the "**Assignment and Assumption Agreement**") in respect of the Financial Assets.

Pursuant to the Assignment and Assumption Agreement, Macquarie Bank agreed to forbear from exercising any default-related rights, remedies, powers or privileges, or from instituting any enforcement actions or collection actions against the Obligors under the Financial Assets until the earlier of (i) the closing of the assignment of the Financial Assets to Brio and (ii) April 1, 2016. Under the Assignment and Assumption Agreement, to the extent that cash flows from the RDM project are insufficient to meet ongoing costs and expenses, Macquarie Bank agreed with Brio to continue to provide funding to MRDM, subject to the terms and conditions set out in the Assignment and Assumption Agreement. Any drawdowns requested by MRDM under the Facility remained subject to the discretion of Macquarie Bank. Completion of the assignment of the Financial Assets from Macquarie Bank to Brio occurred on March 31, 2016.

Pursuant to an agreement entered to by the Corporation with Brio and Macquarie Bank (the "**Restructuring Agreement**"), the Corporation agreed to work with Brio with respect to a restructuring procedure to be initiated by Brio with the objective of transferring 100% ownership of MRDM and the RDM project to Brio (the "**Restructuring**"). On April 29, 2016, the Ontario Superior Court of Justice (Commercial List) issued an order approving, among other things, a credit bid transaction, which was initiated by Brio with the cooperation of the Corporation, and the sale to Brio of all of the Corporation's direct and indirect equity interests in MRDM.

In connection with the Restructuring, Brio delivered to the Corporation and the directors of the Corporation and certain of its subsidiaries a full release and discharge with respect to any liability under (i) the project loan facility, the gold purchase agreement and the gold sale and purchase agreement and related guarantees previously entered into by Macquarie and the Corporation, MRDM and certain other subsidiaries of the Corporation, and (ii) Macquarie's security in respect of the foregoing agreements previously acquired by Brio from Macquarie, including the Corporation's guarantee thereof.

None of the other assets of the Corporation have been affected by the Restructuring, and the Corporation continues to own its Romanian assets.

MINERAL PROJECTS

The Corporation's primary mineral project is the Rovina Valley Project, located in Romania.

Technical Reports

The following technical reports (the "**Technical Reports**") have been completed on the Corporation's primary material property:

- Preliminary Economic Assessment – NI 43-101 Technical Report Rovina Exploration Project, South Apuseni Mountains, West-Central Romania, dated May 21, 2010, prepared by PEG Mining Consultants Inc. (the "**PEA Report for Rovina**").

- Carpathian Gold Inc., Rovina Valley Project, West-Central Romania. NI 43-101 Technical Report Mineral resource Estimate Update, dated July 17, 2012, prepared by AGP Mining Consultants (the **"2012 Resource Update")**

The following are reproductions of the summary from the most recent Technical Report for the Rovina Valley Project (2012 Resource Update), with minor editorial changes where appropriate without affecting the content of the Reports. The reports, which are incorporated herein by reference, are available for public review at www.SEDAR.com. All information contained in the following summaries is accurate as of the date thereof.

Romania – 2012 Resource Update

"**Summary**

AGP Mining Consultants Inc. (AGP) was commissioned by Euro Sun Mining Inc. (Euro Sun) to provide an independent Mineral Resource Estimate and Technical Report for the Rovina Valley Project (RVP) located in the Golden Quadrilateral Mining District of the South Apuseni Mountains in west-central Romania, approximately 300 km northwest of the city of Bucharest, the capital city of Romania.

The Rovina, Colnic, and Ciresata Porphyry deposits are the principal exploration targets on the Property, with their locations defining a north-northeast trend. The Rovina Porphyry is the northern-most with the Colnic Porphyry lying approximately 2.5 km south of the Rovina Porphyry, and the Ciresata Porphyry approximately 4.5 km south of the Colnic Porphyry

The resource estimate was completed in conformance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Mineral Resource and Mineral Reserve definitions referred to in the National Instrument (NI) 43-101, Standards of Disclosure for Mineral Projects. It also involved the preparation of a Technical Report as defined in the NI 43-101 and in compliance with Form 43-101 F1. This report is an update of the September 30, 2008 resource estimate by PEG Mining Consultant (PEG), which was used to support the Preliminary Economic Assessment (PEA) dated April 23, 2010, produced by PEG.

This new resource estimate by AGP incorporates the late 2010 and 2012 drilling results that were available as of April 23, 2012 for Rovina, Colnic, and Ciresata.

Mr. Pierre Desautels, P.Geo., Principal Resource Geologist of AGP served as the independent Qualified Person (QP) responsible for preparing the Mineral Resource Estimate and Technical Report. Mr. Desautels visited the property, accompanied by Mr. Randall K. Ruff, Euro Sun's Executive Vice President, Exploration, between August 26 and August 30, 2008 and again between July 26 and July 29, 2009.

The Rovina Property consists of one Exploration Licence (the Rovina Exploration Licence, Number 6386/2005 for Au–Ag-Cu) centered at approximately latitude 46°07' N and longitude 22° 54' E or 515,000 N and 340,000 E using the "Stereo70" projection of the Romanian National Geodetic System. Euro Sun, through intermediary subsidiaries, owns 100% of SAMAX Romania SRL (SAMAX), which in turn owns 100% of the Rovina Exploration License. SAMAX is a duly registered company in the city of Baia Mare, Romania.

Year-round principal access to the property is on paved two-lane highway to the historic gold mining town of Brad followed by secondary paved roads eastward for 7 km, which pass through the town of Criscior and onward to the village of Bucuresci within the property.

On a regional level, the majority of the mineral deposits in the Romanian-Hungarian region are located in the Carpathian Fold Belt; an arcuate orogenic belt which is part of a much larger belt extending westward into Austria and Switzerland and south into Serbia and Bulgaria. These belts developed during the late Cretaceous and Tertiary, following closure of the Tethys Ocean, due to the collision of continental fragments of Gondwana with continental Europe and the related subduction of small, intervening oceanic basins. The development of the Carpathian Fold Belt was accompanied by widespread igneous activity, including a suite of late Cretaceous to early Eocene acidic to intermediate intrusive and extrusive rocks, known as "banatites." These rocks are believed to have formed early stages of subduction and are host to several Cu-Mo-Fe Porphyry and skarn deposits.

The Apuseni Mountains represent a somewhat "isolated massif" with the Carpathian Fold Belt. The southern portion of the Apuseni Mountains, where the Apuseni-Rovina Property is located, consists of a complex area of Palaeozoic (and older) metamorphic rocks, Mesozoic ophiolites and sedimentary rocks and Tertiary igneous and sedimentary rocks.

On a local level, the property covers a sequence of Neogene-aged subvolcanic intrusive rocks, which in other parts of the Golden Quadrilateral, host epithermal and porphyry-style mineralization. Euro Sun's exploration programs have identified Au-rich porphyry systems (the Rovina, Colnic, and Ciresta deposits) hosted by these Neogene subvolcanic intrusives. The Rovina and Colnic porphyry deposits lie within a northeastern volcanic outlier of the 8 km to 10 km diameter, Neogene-aged, Brad–Barza volcanic field. The Brad-Barza volcanic field is well-known for hosting high-grade gold veins with historic gold production dating back to the Roman period (ca. 2,000 years ago). The Ciresata porphyry, 4.5 km south of Colnic, lies within the eastern part of the Brad-Barza volcanic field.

The main mineralized targets on the Rovina property are the Rovina Cu–Au porphyry, Colnic Au–Cu porphyry, and the Ciresata Au-Cu porphyry. Porphyry deposits in general are large, low- to medium-grade deposits in which primary (hypogene) sulphide minerals are dominantly structurally-controlled and which are spatially and genetically related to felsic to intermediate porphyritic intrusions.

The mineralized porphyries at Rovina, Colnic, and Ciresata display moderate to intense potassic hydrothermal altered cores, and strong quartz stockwork veining. The Au-Cu mineralization manifests as stockworks and disseminations centered on porphyritic, subvolcanic-intrusive complexes of hornblende-plagioclase diorites. These porphyries would classify as gold-rich, especially Ciresata and Colnic, and contain many of the features common in gold-rich porphyries i.e., dioritic, calc-alkaline stock associated, and abundant magnetite alteration. Oxidation is restricted to the uppermost few metres of the prospect and no significant oxide cap or supergene enriched horizons have been encountered to date.

All routine sample preparation and analyses of the Euro Sun samples are performed by ALS Chemex Romania (ALS) Laboratory in the town of Gura Rosiei (where the Rosia Montana Project is located), about 45 minutes' drive northwest of the project area. A comprehensive Quality Assurance/Quality Control (QA/QC) program involving the use of coarse blanks, standards, and duplicates has been instigated following recommendations by AMEC in 2006 and 2007. The current QA/QC programs meet or exceed standard industry practices.

Prior to mineral resource estimation, AGP conducted data verification consisting of a site visit and a database audit. The assay data was thoroughly validated covering 13% of the entire database with 9% coverage for the 2010-2012 data not previously validated by AMEC or PEG. AGP found the database to be acceptably accurate and error-free to be used in mineral resource estimation.

Several rounds of metallurgical testing have been completed on composite samples of mineralization from the Rovina, Colnic, and Ciresata deposits in recent years. Work completed prior to 2010 has been summarized in the RVP Preliminary Economic Assessment. More recently (2011), a structured program of representative sampling has been undertaken to provide composite samples of drill core for the ongoing prefeasibility study support program. The metallurgical work for this study is not, at the time of writing, complete to an extent suitable for public disclosure, and will be reported as part of the upcoming Preliminary Feasibility Report.

As part of the 2010 Preliminary Economic Assessment metallurgical testwork has been completed on 16 composite samples from the Rovina, Colnic, and Ciresata deposits. Work included a preliminary evaluation of grindability, mineralogical gold deportment examinations, bench-scale flotation testwork (batch and locked cycle), and flotation flowsheet development.

Based on the review of the QA/QC, data validation statistical analysis, and metallurgical test work, AGP draws the following conclusions:

- AGP has reviewed the methods and procedures to collect and compile geological, geotechnical, and assaying information for the Rovina, Colnic and Ciresata porphyry deposits and found them meeting accepted industry standards for an advance stage project and suitable for the style of mineralization found on the property.
- While other companies conducted work on the property, only Euro Sun's data was used in the resource estimate. This ensured that modern assaying technique and proper QA/QC protocols were in place for the entire drill program without having to rely on historical data.
- A QA/QC program comprising industry standard blank, standard, and duplicate samples has been used on the Project since the beginning of the program. QA/QC submission rates meet industry-accepted standards. In AGP's opinion, Euro Sun goes a step further by re-inserting coarse and pulp rejects in the sample stream to monitor the accuracy of the laboratory assays. In addition, a select suite of pulps is analyzed at a secondary laboratory.
- An apparent high bias in the copper assays was noted for the 2010-2012 drill campaign during the QA/QC monitoring program. At the time of writing this report, the issue is currently been investigated by Euro Sun since this high bias did not exist for the 2006-2008 program.
- Data verification was performed by AGP through site visits, collection of independent character samples, and a database audit prior to mineral resource estimation. AGP found the database to be exceptionally well-maintained, error-free, and usable in mineral resource estimation.

- Although additional samples would be beneficial, AGP is of the opinion that with the samples currently available, the specific gravity determinations are representative of the in-situ bulk density of the rock types.
- Sampling and analysis programs using standard practices provided acceptable results. AGP believes that the resulting data can effectively be used in the estimation of resources.
- Core handling, core storage, and chain of custody are consistent with industry standards.
- Mineralogical studies indicate chalcopyrite is the sole Cu-bearing mineral with rare exceptions, and gold occurs in chalcopyrite, pyrite, and silicate gangue.
- Grindability testwork has produced Bond ball mill work indices indicated the composites are therefore thought to be moderately hard.
- Flotation testwork has developed a relatively straightforward industry-standard flowsheet with a simple reagent scheme and a primary grind target of 80% -75 µm. Selective flotation to reject pyrite allows production of saleable copper concentrates containing significant gold.
- Gold losses consist of that which is locked in silicates in the rougher tailings, and that which is associated with or within pyrite in the cleaner tailings. Cyanidation testwork of flotation tailings samples was completed on all composites and the results indicate that a significant increment of additional gold recovery may be achievable using this supplementary process. Despite this, current metallurgical predictions make no allowance for cyanide-recoverable gold and rely instead on the flotation of a lower grade copper concentrate, which includes higher concentrations of pyrite-rich gold.
- Minor element analysis of the locked cycle test products highlighted that with the exception of zinc in the concentrate from Colnic, all deleterious elements are within downstream treatment allowances.
- In AGP's opinion, further improvement to the flotation flowsheet is considered probable and further examination of different mixed-collector regimes is strongly encouraged. This is particularly true of the Ciresata deposit, where gold recoveries could likely be improved through advances in pyrite flotation control.
- A high zinc concentration in the Colnic flotation concentrate (1.6%) should be monitored as testwork progresses; however, in practice, AGP believes that blending with low zinc concentrates from Rovina and Ciresata would dilute this element to acceptable (sub-penalty) levels.
- In AGP's opinion the current drill hole database is sufficient for interpolating grade models for use in resource estimation.

- Mineral resources were classified using logic consistent with the CIM definitions referred to in National Instrument 43-101. At Rovina, Colnic, and Ciresata, the mineralization, density, and position of the drill holes satisfies sufficient criteria to be classified into the Indicated and Inferred categories with minor amount of measured in the core area of the deposit.
- The resource at Rovina and Colnic was constrained within a Lerchs-Grossman pit shell using operating cost and metallurgical parameters from the April 21, 2010, PEA study with increases for conveyor plant feed transportation. The metal prices used in the determination of these pit shells were based on world metal prices of $1,350/oz for gold and $3.00/lb for copper. Overall wall slope angles consider practical aspects such as two 33 m wide ramps for access.
- The Ciresata deposit resource was based on bulk underground mining methods using a cutoff of 0.65 g/t AuEq.
- This independent mineral resource estimate by AGP supports the July 17, 2012, disclosure by Euro Sun of the mineral resource statement for the Rovina Valley Project.

AGP concludes that effective July 17, 2012, and utilizing approximately 120,256 m of diamond drill hole data drilled by Euro Sun from 2006 to 2012 the mineral resource of the Rovina Valley Project amount to 405.9 Mt of Measured and Indicated resources grading 0.55 g/t Au and 0.16% Cu containing 7.19 Moz and 1,420 Mlb of copper. Inferred resources amounted to 26.8 Mt grading 0.38 g/t Au and 0.16% Cu containing 0.33 Moz and 97 Mlb of copper. Table 1-1 summarizes the weighted average result of the mineral resource estimate for all three porphyry deposits the Rovina Valley Project.

Table 1-1: Weighted Average Rovina Valley Resource Estimate

Resource Category	Tonnage (MM t)	Au (g/t)	Cu (%)	Gold (MM oz)	Copper (MM lb)	AuEq* (MM oz)
Measured						
Rovina (open-pit)	31.8	0.36	0.3	0.37	209	0.91
Colnic (open-pit)	29.4	0.64	0.12	0.61	75	0.8
Ciresata (underground)	29.7	0.86	0.16	0.82	105	1.09
Total Measured	**90.9**	**0.62**	**0.19**	**1.81**	**389**	**2.8**
Indicated						
Rovina (open-pit)	73.5	0.27	0.23	0.64	370	1.59
Colnic (open-pit)	106.3	0.47	0.1	1.59	226	2.18
Ciresata (underground)	135.1	0.72	0.15	3.15	435	4.26
Total Indicated	**315**	**0.53**	**0.15**	**5.38**	**1,031.00**	**8.03**
Total Measured + Indicated	**405.9**	**0.55**	**0.16**	**7.19**	**1,420.00**	**10.84**
Inferred						
Rovina (open-pit)	13.4	0.19	0.2	0.08	60	0.24
Colnic (open-pit)	3.8	0.32	0.1	0.04	8	0.06
Ciresata (underground)	9.6	0.67	0.14	0.21	29	0.28

Resource Category	Tonnage (MM t)	Au (g/t)	Cu (%)	Gold (MM oz)	Copper (MM lb)	AuEq* (MM oz)
Total Inferred	**26.8**	**0.38**	**0.16**	**0.33**	**97**	**0.58**

Note: *AuEq determined by using a gold price of US$1,370/oz and a copper price of US$3.52/lb. These prices are the three-year trailing average as of July 10, 2012. Metallurgical recoveries are not taken into account for AuEq.

Base case cut-off 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 resource is an in-pit resource derived from a Whittle Shell Model using gross metal values of $1,350/oz Au price and $3.00/lb Cu price, net of payable amounts after smelter charges and royalty for net values of US$1,313/oz Au and US$2.57/lb Cu for Rovina and US$2.27/Ib Cu for Colnic).

Rounding of tonnes as required by reporting guidelines may result in apparent differences between tonnes, grade, and contained metal content.

Metallurgical Testing

Several rounds of metallurgical testing have been completed in recent years on composite samples of mineralization from the Rovina, Colnic, and Ciresata deposits. Work completed prior to 2010 has been summarized in the RVP Preliminary Economic Assessment (Harkonen E, P.Eng. et al.). More recently (2011), a structured program of representative sampling was undertaken to provide composite samples of drill core for the ongoing prefeasibility study support program. The metallurgical work for this study was not complete to an extent suitable for public disclosure, at the time of writing.

The Corporation initiated a new metallurgical test program with Eriez with regards to improved recoveries utilizing advanced column flotation techniques not previously available. These results are pending.

For ease of reference, the metallurgical review completed by PEG as part of the 2010 Preliminary Economic Assessment (Section 16.0) has been reproduced in this technical report."

Brazil

All technical reports in respect of the RDM Project previously owned by the Corporation are available for review at www.SEDAR.com.

RISK FACTORS

The operations of the Corporation as well as those of its subsidiaries are speculative due to their nature, the location in which they operate, and the relative stages of their development. The following risk factors pertain to the business and operations of the Corporation and its subsidiaries.

Nature of Mineral Exploration and Mining

The exploration and development of mineral deposits involve significant risks over an extended period of time which even with a combination of careful evaluation, experience and knowledge may not eliminate. As a result, few properties which are explored are ultimately developed into producing mines. The long term profitability of the Corporation's operations will be in part related to the cost and the success of its exploration programs, which programs may be affected by a number of factors out of the Corporation's control, such as commodity prices, the availability of skilled personnel, qualified vendors and the availability of critical equipment and capital.

Substantial expenditures on drilling and related costs are required to establish reserves through drilling, to determine the technical and economic feasibility of mining and extraction and, if warranted, to develop the mining and processing facilities and infrastructure of any given project. Although substantial benefits may be derived from the discovery of a major mineralized deposit, it is impossible to ensure that proposed exploration programs on the properties will result in profitable mining operations. There is no assurance that the Corporation's expenditures will result in discoveries of commercially viable ore bodies. Furthermore, there can be no assurance that the Corporation's estimates of future exploration expenditures will be accurate. Actual expenditures may be significantly higher than currently anticipated. Whether a deposit will be commercially viable depends on a number of factors, including, but not limited to, the particular attributes of the deposit (e.g. size and grade of the deposit), costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on its invested capital.

Exploration and Development Risks

Mineral exploration and mining involve considerable financial and technical risks. Substantial expenditures are usually required to establish ore reserves, to evaluate mineral treatment processes and to construct mining and processing facilities. The Corporation cannot assure that the current exploration programs planned by the Corporation will result in profitable commercial mining operations, as few properties that have been explored are ultimately developed into producing mines. Unusual or unexpected geological formations, unstable ground conditions that could result in cave-ins or landslides, floods, power outages or fuel shortages, labour disruptions, fires, explosions, and the inability to obtain suitable or adequate machinery, equipment, materials or labour are risks associated with the conduct of exploration programs and the operation of mines, any of which could result in legal liabilities arising therefrom. The Corporation has relied, and may continue to rely, upon consultants for expertise with respect to the construction and operation of a mining facility.

Construction and Start-up of New Mines

The success of construction projects and the start up of new mines by the Corporation is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), the successful completion and operation of the ore pass, the plant, the conveyors to move the ore and other operational elements. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Corporation is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Corporation will be successful; that the Corporation will be able to obtain sufficient funds to finance construction and start-up activities; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Corporation will be able to obtain all necessary governmental approvals and permits; and that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Corporation. Any of the foregoing factors could adversely impact the operations and financial condition of the Corporation.

Foreign Jurisdictions

The Corporation's assets are all located outside of Canada. It may be difficult or impossible to effect service or notice to commence legal proceedings upon foreign governments, persons and businesses. Even if effected, it may not be possible to enforce against such parties, judgements obtained in Canadian courts predicated upon the civil liability provisions available under Canadian laws.

The Corporation conducts its operations through foreign subsidiaries which hold all of the assets in connection with the Rovina License. Accordingly, any limitations placed by foreign governments on the transfer of cash or other assets between the Corporation and its subsidiaries could restrict the Corporation's ability to fund the Rovina License efficiently. Any such limitations could have an adverse impact on the Corporation's prospects, financial condition and results of operations.

The Corporation's assets are located in Romania, which causes it to be subject to certain risks, including possible political or economic instability, which may result in the impairment or loss of licenses or mineral rights. Mineral exploration and mining activities may be affected in varying degrees by instability and government regulations relating to the mining industry, which could include the cancellation or renegotiation of licenses and other contracts, changes in local domestic laws or regulations, changes in tax laws, royalty and tax increases, restrictions on production, price controls, expropriation of property, fluctuations in foreign currency, foreign exchange controls, import and export regulations, restrictions on the export of gold, restrictions on the ability to repatriate earnings and pay dividends, environmental legislation, employment practices and mine safety. There can be no assurance that such restrictions and controls will not be imposed in the future and such restrictions, controls or fluctuations may materially affect the Corporation's financial position as well as the Corporation's ability to develop its assets. Any changes in the laws, rules or regulations, policies or shifts in political attitudes regarding foreign investment in the Romanian mining industry are beyond the Corporation's control and may adversely affect its business.

No Assurance of Title to Exploration Licenses or Surface Rights

To carry out its activities, the Corporation must obtain licenses and or permits to explore for minerals in any given area. These licenses are granted by government agencies and, once granted, are registered with such agencies. The Corporation has conducted title searches on all of its exploration licenses and, to the best of its knowledge; the titles to all of its licenses are in good standing. However, this should not be construed as a guarantee of such titles. The Corporation's licenses may be subject to prior unregistered agreements or transfers or third party claims or may also be affected by other undetected defects. There is no assurance that the interests of the Corporation in any of its licenses may not be challenged or impugned.

Exploration licenses do not include the surface rights to the areas covered by such licenses nor the accesses thereto. In the event that a positive development and or production decision is made, the Corporation would need to acquire the surface rights to the areas covered by such licenses and possibly other surface rights providing access to such areas. These surface rights may be owned by governmental authorities or private interests and there is no guarantee that the Corporation would ever be able to acquire such surface rights on reasonable terms or at all.

Environmental and other Regulatory Requirements

The operations of the Corporation are subject to Romanian laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Corporation believes that it is in substantial compliance with all applicable material laws and regulations. There can be no assurance that all permits which the Corporation may require for its operations, particularly environmental permits, will be obtained on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Corporation may undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Furthermore, non-governmental organizations ("**NGOs**") have been very active in certain parts of the world in blocking or attempting to block the acquisition of permits for large scale mining projects. There have been many recent instances where mining projects have been blocked or extensively delayed because of numerous means employed by NGOs as well as their extensive recourse to the courts to obtain injunctions and other procedural and legal remedies.

Permits, Licenses and Approvals

The operations of the Corporation require permits, licenses and approvals from various governmental and non-governmental authorities. The Corporation has obtained, or will be required to obtain, all necessary permits, licenses and approvals required to carry on its operations under applicable laws and regulations. However, such permits, licenses and approvals are subject to change in regulations and in various operating circumstances. There can be no assurance that the Corporation will be able to obtain all necessary permits, licenses and approvals required to carry out exploration, development and mining operations in connection with its proposed projects.

Environmental Liability

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities associated with environmental pollution and waste disposal. Environmental liability may result from mining activities conducted by other parties prior to the Corporation's involvement with its properties. To the extent the Corporation is subject to uninsured environmental liabilities, the payment of such liabilities would reduce funds otherwise available to the Corporation and could have a material adverse effect on the Corporation. Should the Corporation be unable to fund fully the cost of remedying an environmental problem, the Corporation might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

Uncertainty of Mineral Resource Estimates

The figures for mineral resources presented herein are estimates, and no assurance can be given that the anticipated tonnage and grades will be achieved or that the indicated level of recoveries of gold and copper will be realized. The ore grade actually recovered by the Corporation may differ from the estimated grades of the mineral resources. Such figures have been determined based on assumed gold and copper prices and operating costs.

Mineral resource estimates for properties that have not commenced production are based, in most instances, on very limited and widely spaced drill hole information, which is not necessarily indicative of conditions between and around the drill holes. Accordingly, such mineral resource estimates may require revision as more drilling information becomes available or as actual production experience is gained.

Mineral Deposits, Production Costs and Metal Prices

The economics of developing mineral deposits are affected by many factors including variations in the grade of ore mined, cost of operations and fluctuations in the sale prices of products. The value of the Corporation's mineral properties is heavily influenced by metal prices. Metal prices can and do change substantially over a short period of time, and are affected by numerous factors beyond the control of the Corporation, including, but not limited to, changes in the level of supply and demand, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, new discoveries, speculative activities and increased production arising from improved mining and production methods. There can be no assurance that the prices of mineral products will be sufficient to ensure that the Corporation's properties can be mined profitably. Depending on the price received for minerals produced, the Corporation may determine that it is impractical to commence or continue commercial production.

The grade of any ore ultimately mined from a mineral deposit may differ from the Corporation's estimates based on drilling results. Production volumes and costs can be affected by such factors as the proximity and the capacity of processing facilities, permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short-term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on the results of the operations. Moreover, there can be no assurance that any gold, silver, copper or other minerals recovered in small-scale laboratory tests will be achieved under production scale conditions. Although precautions to minimize risks will be taken, processing operations are subject to hazards such as equipment failure or failure of tailings impoundment facilities, which may result in environmental liability.

Volatility of Gold Price

The price of gold is primarily influenced by interest rate cuts, volatility in the credit and financial markets, strong investment demand and inflation expectations. As with many other commodities, the price of gold has fluctuated widely in recent years. While the price of gold is currently in the order of US$1200, there can be no assurance that gold prices will remain at such levels or be such that the Corporation's properties can be exploited at a profit. If the price of gold declines, it could have a material adverse effect on the Corporation's share price, business and operations.

Volatility of Copper Price

The price of copper is dependent on the global supply and demand factors that are beyond the control of the Corporation. The price of copper is currently in the order of $2.60 per pound; however, there can be no assurances that the price will remain at this level or be at such a price that the Corporation's properties can be exploited at a profit.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

Liquidity Concerns and Future Financing

The viability of further development and exploration of the various mineral properties in which the Corporation holds interests will depend upon the Corporation's ability to obtain financing through joint ventures, equity financing, debt financing or other means. There is no assurance that the Corporation will be successful in obtaining required financing when needed. Volatile markets for precious and base metals may make it difficult or impossible for the Corporation to obtain debt financing or equity financing on favourable terms or at all. Failure to obtain such additional financing could result in the dilution or complete loss of the Corporation's interests in these properties.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Corporation competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Corporation, in the search for and the acquisition of attractive mineral properties. The ability of the Corporation to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that the Corporation will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Acquisitions and Integration

From time to time, the Corporation examines opportunities to acquire additional mining assets and businesses. Any acquisition that the Corporation may choose to complete may be of a significant size, may change the scale of the Corporation's business and operations, and may expose the Corporation to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Corporation has committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; the Corporation may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Corporation's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Corporation chooses to raise debt capital to finance any such acquisition, the Corporation's leverage will be increased. If the Corporation chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Corporation may choose to finance any such acquisition with its existing resources. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Litigation Risks

All industries, including the mining industry, are subject to legal claims, with and without merit. The Corporation may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Corporation's financial position or results of operations.

Dependence on Key Individuals

The Corporation is dependent on a relatively small number of key personnel, and the loss of any one of them could have an adverse effect on the Corporation. In addition, while certain of the Corporation's officers and directors have experience in the exploration and development of mineral producing properties; the Corporation will remain highly dependent upon contractors and other third parties in the performance of its exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Corporation or be available upon commercially acceptable terms.

Conflicts of Interest

The directors and officers of the Corporation will not be devoting all of their time to the affairs of the Corporation. The directors and officers of the Corporation are also directors and officers of other companies, some of which conduct business similar to that of the Corporation. The directors and officers of the Corporation are required by law to act in the best interest of the Corporation. They have the same obligations to the other companies to which they act as directors and officers. The discharge by the directors and officers of their obligations to the Corporation may result in a breach of their obligations to the other companies and, in certain circumstances; this could expose the Corporation to liability to those companies. Similarly, the discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interest of the Corporation. Such conflicting obligations may expose the Corporation to liability to others and impair its ability to achieve its business objectives.

Compliance with Anti-Corruption Laws

The Corporation is subject to various anti-corruption laws and regulations including, but not limited to, the Canadian Corruption of Foreign Public Officials Act. In general, such laws prohibit a company and its employees and intermediaries from bribing or making prohibited payments to foreign officials or other persons to obtain business or gain some other business advantage. The Corporation's operations are located in Romania, a country which, according to Transparency International, is perceived as having significantly higher levels of corruption relative to Canada. The Corporation cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which its operations may be subject or the manner in which existing laws may be administered or interpreted.

Failure to comply with applicable anti-corruption legislation could expose the Corporation and/or its senior management to civil and/or criminal penalties, other sanctions, remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Corporation's business, financial condition and results of operations, as could any investigation of any potential violations of applicable anti-corruption legislation by Canadian or foreign authorities.

As a consequence of these legal and regulatory requirements, the Corporation has adopted policies and procedures with regard to business ethics and anti-corruption which have been designed to ensure that the Corporation and its employees comply therewith. However, there can be no assurance or guarantee that such efforts have been or will be completely effective in ensuring the Corporation's compliance and the compliance of its employees, consultants, contractors or agents with all applicable anti-corruption laws and regulations.

Insurance

The Corporation currently holds a certificate of insurance underwritten by Encon Group Inc. providing for Directors and Officers Liability coverage of up to $15,000,000, inclusive of defence costs. Additionally, the Corporation carries a general liability policy in the amount of $10,000,000. There is no guarantee that these policies will provide sufficient protection for the Corporation against certain risks associated with mineral exploration and related corporate activities. Even with these policies in place, there remains a risk that unusual liabilities may not be covered or that the insured amounts may prove insufficient.

Fluctuation in Market Value of the Corporation's Shares

The market price of the Corporation's publicly-traded common shares is affected by many variables not directly related to the performance of the Corporation, including, but not limited to, the market in which the common shares are traded, the strength of the economy generally, the availability and attractiveness of alternative investments and the breadth of the public market for the stock. The effect of these factors on the market price of the common shares of the Corporation in the future cannot be predicted.

Rising Production Costs

Like other mining companies similar in size, the Corporation is faced with the challenge of rising production and energy costs. Such rising costs are caused by, among other things, high commodity prices, higher royalty and tax structures, the weak U.S. dollar and long delays in permitting mineral projects and may affect the ability of mining companies to explore, commence or sustain economically viable production at their mines. While the recent onset of the recession has had the effect of abating these pressures somewhat, there is no guarantee that costs will not rise again in future thereby having an adverse effect on the Corporation's ability to carry out its intended plans with respect to its mineral properties if the price of carrying out such plans is no longer commercially reasonable.

Equipment, Materials and Skilled Technical Workers

The Corporation is dependent on the availability of affordable and accessible equipment, replacement parts, and repair services and the absence or disrepair of such equipment, parts and services could affect or halt exploration or eventual production on the properties of the Corporation. There can be no guarantee that such equipment, parts or repair services will be available to the Corporation, or that such equipment, replacement parts or repair work will be available on commercially reasonable terms.

The Corporation is dependent on the availability of affordable and accessible materials. There can be no guarantee of the availability, quality and reliability of the supply of neither such materials, nor that such materials will continue to be available to the Corporation on commercially reasonable terms.

The Corporation is also dependent on the availability of skilled technical workers to carry out various functions on the properties of the Corporation. There can be no guarantee that such skilled workers will be available to carry out such activities on behalf of the Corporation or that such workers will be available on commercially reasonable terms.

Nature and Climatic Conditions

The Corporation and the mining industry continuingly face geotechnical challenges which could adversely impact the Corporation's production and profitability. Unanticipated adverse geotechnical and hydrological conditions, such as severe rainfall, floods, landslides, droughts, pit wall failures and rock fragility may occur, and such events may not be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict are often affected by risks and hazards outside of the Corporation's control. Such conditions could result in limited access to mine sites, suspensions or reductions in operations, government investigations, increased monitoring costs, remediation costs, loss or ore and other impacts which could cause the Corporation's projects to be less profitable than currently anticipated and could result in a material adverse effect on the Corporation's results of operations and financial position.

Negative Operating Cash Flow

Given that none of the Corporation's properties have yet to enter commercial production and generate cash flow, the Corporation had negative operating cash flow for its financial year ended December 31, 2016. To the extent that the Corporation has negative cash flow in future periods, the Corporation may need to deploy a portion of its cash reserves to fund such negative cash flow.

Current Global Financial Conditions

Current global financial conditions have been characterized by markedly increased volatility and have led to intervention by governments in many financial markets. Access to public financing has been negatively impacted by the lack of readily available money caused by both the rapid decline in value of sub-prime mortgages and the liquidity crisis affecting the asset backed commercial paper market. These factors may impact the ability of the Corporation to obtain equity and/or debt financing in the future or on terms favourable to the Corporation. Additionally, these factors, as well as other related factors, may cause decreases in the asset values that are deemed to be other than temporary, which may result in impairment losses.

Currency Fluctuations

Currency fluctuations may affect the costs that the Corporation incurs for its exploration programs and at its operations. Gold and copper are sold throughout the world based principally on a U.S. dollar price, but some of the Corporation's operating expenses are incurred in other currencies including Euros and Romanian Lei. The fluctuation of the Euro or Lei against the U.S. dollar will influence the cost of gold and copper production at such mining operations and could materially affect the Corporation's earnings and financial condition.

DIVIDENDS AND DISTRIBUTIONS

The Corporation has not declared nor paid any dividends and does not foresee the declaration or payment of dividends in the near future. Any decision to pay dividends on the common shares of the Corporation will be made by the board of directors on the basis of the Corporation's earnings, financial requirements and other conditions existing at such future time.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, all without nominal or par value. The holders of the common shares are entitled to vote at all shareholder meetings and to receive such dividends as the board of directors, in its discretion, shall declare and have rights upon dissolution or winding up of the Corporation. The preferred shares are issuable in series, and the directors of the Corporation have the right, from time to time, to fix the number of, and to determine the designation, rights, privileges and conditions attaching to the shares of series, including the rate or amount of dividends thereon (if any), the method of calculating any dividends, the dates of payment thereof, the right (if any) to convert shares of a series into shares of another series of preferred shares or into another class of shares (including common shares), the right (if any) to participate in the remaining assets of the Corporation upon its liquidation or dissolution, as well as any other rights, privileges, restrictions or conditions attached to a series of preferred shares, subject to any limitations set out in the Corporation's articles of incorporation. The holders of preferred shares are not, as such, entitled to receive notice of, to attend or to vote at any meetings of shareholders of the Corporation, subject to the provisions of the CBCA.

On August 4, 2016, the Corporation's shareholders approved the adoption of a Shareholder Rights Plan (the "**Rights Plan**") pursuant to a Shareholder Rights Plan Agreement (the "**Rights Plan Agreement**") between the Corporation and TSX Trust Company. The fundamental objectives of the Rights Plan are to provide adequate time for Euro Sun's Board and shareholders to assess an unsolicited take-over bid for the Corporation; to provide the Board with sufficient time to explore and develop alternatives for enhancing and maximizing shareholder value if a take-over bid is made; and, to provide shareholders with an equal opportunity to participate in a take-over bid. The Rights Plan encourages a potential acquirer who makes a take-over bid (an "**Acquirer**") to ensure the take-over bid satisfies certain minimum standards designed to promote fairness, or to proceed with the concurrence of the Board (a "**Permitted Bid**"). If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board, the Rights Plan provides that holders of common shares of the Corporation, other than the Acquirer, will be able to purchase additional common shares at a significant discount to market, thus exposing the Acquirer to substantial dilution of its holdings. The Rights Plan has been prepared in alignment with recent amendments to the regulatory framework governing take-over bids published by the Canadian Securities Administrators, which came into effect on May 9, 2016.

The Rights Plan will have an initial term which expires at the annual meeting of shareholders of the Corporation to be held in 2019 unless terminated earlier. The Rights Plan may be extended beyond 2019 by approval of eligible shareholders at such 2019 meeting. Pursuant to the Rights Plan, effective July 6, 2016 rights (the "**Rights**") have been issued and attached to all of Euro Sun's outstanding common shares. A separate rights certificate will not be issued until such time as the Rights become exercisable (which is referred to as the "separation time"). The Rights will become exercisable only if a person, together with its affiliates, associates and joint actors, acquires or announces its intention to acquire beneficial ownership of Euro Sun common shares which, when aggregated with its current holdings, total 20% or more of the outstanding Euro Sun common shares (determined in the manner set out in the Rights Plan) other than as permitted under the Rights Plan. The Rights will effectively permit holders, other than an Acquirer and such related parties, to purchase common shares of the Corportaion at a 50% discount to their market price (as defined in the Rights Plan Agreement). Additional details regarding the Rights Plan is available for viewing on www.sedar.com.

On September 12, 2016, the Corporation's common shares were consolidated on the basis of one post-consolidated share for every 18.164 pre-consoloidated shares. As at the date hereof, there were at total of 50,001,183 common shares and no preferred shares issued and outstanding.

MARKET FOR SECURITIES

On May 2, 2003, the Corporation's common shares commenced trading on the TSX-V under the trading symbol "**CPN**". On November 1, 2006, the Corporation's common shares were removed from the TSX-V and began trading on the TSX. On July 21, 2015, the Corporation's common shares were delisted from the TSX, and trading of its common shares began on the Canadian Securities Exchange on July 22, 2015. On September 9, 2016, the Corporation's common shares were removed from the Canadian Securities Exchange, and the Coporation's commons shares began trading on the TSX on September 12, 2016 under the trading symbol "**ESM**".

The following table provides the price ranges and volume traded of the Corporation's common shares on a montly basis for each month of the most recently completed financial year:

Month	High ($)	Low ($)	Volume
December 2016 (ESM)	$0.800	$0.620	671,890
November 2016 (ESM)	$1.050	$0.650	2,215,189
October 2016 (ESM)	$1.250	$0.900	1,923,619
September 2016 (CPN)[1]	$1.450	$0.055	8,981,513
August 2016 (CPN)	$0.070	$0.055	19,999,812
July 2016 (CPN)	$0.085	$0.050	28,493,788
June 2016 (CPN)	$0.085	$0.040	76,896,104
May 2016 (CPN)	$0.065	$0.020	126,272,968
April 2016 (CPN)	$0.025	$0.010	43,559,184
March 2016 (CPN)	$0.020	$0.010	10,030,944
February 2016 (CPN)	$0.025	$0.010	17,430,710

January 2016 (CPN)	$0.020	$0.010	7,310,464

Note:

(1) On September 12, 2016, the Corporation's common shares were consolidated on the basis of one post-consolidated share for every 18.164 pre-consoloidated shares.

ESCROWED SECURITIES

There are no securities of the Corporation that are subject to escrow restrictions.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The following table outlines the names and residency of all the directors and the officers of the Corporation, together with their respective principal occupations for the past five years. The directors and officers of the Corporation, as a group, own, directly or indirectly, 125,887 common shares of the Corporation representing approximately 0.25% of the Corporation's issued and outstanding share capital. The term of office of each director of the Corporation expires at each annual meeting of the shareholders of the Corporation, unless such director resigns prior thereto. The officers of the Corporation are appointed by the Board of Directors of the Corporation.

The following should be read having reference to the end notes located on page 39.

Director/Officer	Director or Officer Since	Number of Common Shares Owned Directly or Indirectly(1) (as of date hereof)	Number of Options to Purchase Common Shares (as of date hereof)
Stan Bharti(2) Ontario, Canada ***Director*** *Member of the Human Resources and Compensation Committee*	May 19, 2016	0	708,753
Principal Occupation: Mr. Bharti has over 30 years of experience in mining operations, public markets and finance. Over the past 10 years, Mr. Bharti has been involved in acquiring, restructuring and financing resource companies. He is a Professional Mining Engineer and holds a Master's Degree in Engineering from Moscow, Russia and University of London, England. During the past five years, Mr. Bharti's principal occupation has been as the Executive Chairman of Forbes & Manhattan Inc. In addition, Mr. Bharti is a director of several public and private companies.			

Paul Bozoki Ontario, Canada ***Chief Financial Officer***	June 1, 2016	0	177,188

Principal Occupation: Mr. Bozoki is a Chartered Accountant and holds an MBA with over 19 years of accounting, tax and corporate finance experience in Canada and Europe. He is also the Chief Financial Officer of Black Iron Inc. From 2007 through September 2010, he was the Chief Financial Officer of CD Capital Partners, a privately held real estate development firm focused on developing mixed use retail and office real estate in Russia, Ukraine and Romania. Mr. Bozoki is experienced in matters of international taxation and foreign capital markets and began his career at Ernst & Young LLP where he spent six years auditing clients in mining and other industries in Canada, Australia and Hungary.

Guy Charette, LL.L. Quebec, Canada ***Director*** *Member of the Corporate Governance Committee*	March 25, 2003[(3)]	11,611	409,432

Principal Occupation: Mr. Charette is a lawyer with over 30 years experience in securities law with an emphasis on structuring resource industry transactions as well as exploration and development finance in North America, Europe and in developing nations. Mr. Charette is a member of the *Barreau du* Québec. From 2001 to 2006, Mr. Charette was a partner of Charette Nantel LLP, a Montreal-based law firm providing corporate and securities legal services. In 2006, Mr. Charette joined the Montréal office of Miller Thomson Pouliot LLP, as a partner, continuing his corporate and securities practice. In November, 2007, Mr. Charette resigned from Miller Thomson Pouliot LLP and joined BCF LLP where he was a partner until August 2009. Since August 2009, Mr. Charette has been acting as an independent advisor to public companies. Mr. Charette is also a director of IOU Financial Inc. and Knowlton Capital Inc.

David C. Danziger, B. Comm., C.A.[(2)] Ontario, Canada ***Director*** *Chairman of the Audit Committee*	September 17, 2010	37,436	379,150

Principal Occupation: Mr. Danziger is a practising Chartered Professional Accountant with over 30 years of experience in audit, accounting and management consulting and over 12 years experience specific to the mineral resource sector. He is currently a partner and the Senior Vice President of Assurance at MNP LLP, Chartered Professional Accountantsand also serves as a director for a number of TSX and TSX-V listed companies. Mr. Danziger is a past member of the Ontario Securties Commission's Advisory Committee on Small and Medium Sized Enterprises as well as the CPA/PDAC Taskforce on IFRS for Mining.

Bradley Humphrey Ontario, Canada ***Vice President of Corporate Development***	September 13, 2016	0	275,265

Principal Occupation: Mr. Humphrey is the Corporation's Vice President of Corporate Development. Mr. Humphrey has over 20 years of international mining experience, principally as a precious metals analyst focused on gold and silver companies across all stages of development through to senior producers. Mr. Humphrey formerly worked for Morgan Stanley Research as an Executive Director and North American Precious Metals Analyst, where he was responsible for growing Morgan Stanley's North American Gold research coverage and building its global gold research platform. Prior to joining Morgan Stanley he was a Managing Director and Head of Mining Research at Raymond James as well as a mining analyst at CIBC World Markets and Merrill Lynch. Before beginning his equity research career, Mr. Humphrey held a broad range of industry positions from Corporate Development to contract underground miner. Mr. Humphrey holds a Bachelor of Commerce from the University of Guelph.

Michael Kozub, B.A., M.A., B.C.L., LL.B. Quebec, Canada ***General Counsel and Corporate Secretary***	March 1, 2011	0	5,505

Principal Occupation: Mr. Kozub is the General Counsel and Corporate Secretary of the Corporation. He is a lawyer with more than 15 years of experience primarily in the fields of corporate, commercial and securities law. Prior to joining the Corporation in 2011, he was in private practice where he acted for a number of publicly listed companies. Mr. Kozub is a member of both the Law Society of Upper Canada and the *Barreau du Québec*.

G. Scott Moore Ontario, Canada ***Director and Chief Executive Officer***	May 19, 2016	0	708,753

Principal Occupation: Mr. Moore is the Corporation's Chief Executive Officer. Mr. Moore is a business executive with over 25 years of experience in the resource and durable goods sectors. He is the former President and CEO of Dacha Strategic Metals, and is also presently the Chairman of the board of directors of Copper One and Chief Operating Officer of Forbes and Manhattan. Mr. Moore holds a Bachelor of Arts degree from the University of Toronto and an MBA from the Kellogg School of Management.

Justin Reid(2) Ontario, Canada	August 4, 2016	0	354,376

Director

Member of the Audit Committee

Chairman of the Human Resources & Compensation Committee

Principal Occupation: Mr. Reid is currently the President and Chief Executive Officer of Sulliden Mining Capital Inc. Mr. Reid is a geologist and capital markets executive with over 20 years of experience focused exclusively in the resource space. From February 2013 to August 2014, Mr. Reid served as President of Sulliden Gold Corporation Ltd. Mr. Reid started his career as a geologist with the SGS and Cominco Ltd. after which he became a partner and senior mining analyst at Cormark Securities in Toronto. In 2009, Mr. Reid was named Executive General Manager at Paladin Energy responsible for leading all mergers and acquisitions, corporate and market related activities. He returned to Canada in early 2011 assuming the role of Managing Director Global Mining Sales at National Bank Financial, where he directed the firm's sales and trading in the mining sector. Mr. Reid holds a B.Sc from the University of Regina, an M.Sc from the University of Toronto and MBA from the Kellogg School of Management at Northwestern University.

Randall K. Ruff, B.Sc., M.Sc. Grosseto, Italy	May 24, 2004	76,840	55,054

Executive Vice President, Exploration

Principal Occupation: Mr. Ruff has been the Executive Vice President, Exploration of the Corporation since February, 2008, and has been working with the Corporation's subsidiary companies on the Romanian project since 2000. Mr. Ruff was a consulting project geologist before becoming Chief Operating Officer for CGL in 2002, and thereafter became Chief Operating Officer of the Corporation in 2004. Prior to that, Mr. Ruff worked as a senior geologist for SAMAX Resources Ltd. (1997 to 1999) and as a project/district geologist for Santa Fe Pacific Gold Corp. (1993 to 1997).

Matthew Simpson(2) Ontario, Canada ***Director*** *Member of the Audit Committee* *Chairman of the Corporate Governance & Nominating Committee*	May 19, 2016	0	354,376

Principal Occupation: Mr. Simpson is currently the President and Chief Executive Officer of Black Iron Inc. From 2002 to 2010, Mr. Simpson worked for the Iron Ore Company of Canada ("IOC"), a subsidiary of Rio Tinto plc with annual production capacity of 17.5 million tonnes of iron ore concentrate as publicly reported in 2009. At IOC, he held several progressive roles in Business Evaluation, Operations Planning, Continuous Improvement and in his last three years as Mine General Manager. Prior to joining IOC, Mr. Simpson worked as a process engineer for Hatch Ltd. designing and debottlenecking metallurgical refineries around the world. Mr. Simpson has extensive experience in mine design, operations and project management. He holds a Master of Business Administration (MBA) as well as a Bachelor of Science in Chemical Engineering both from Queen's University.

Peter Tagliamonte(2) Ontario, Canada ***Director*** *Chairman of the Board* *Member of the Human Resources & Compensation Committee* *Member of the Corporate Governance & Nominating Committee*	May 19, 2016	0	708,753

Principal Occupation: Mr. Tagliamonte is a professional mining engineer and also holds an MBA from the Richard Ivey School of Business, at the University of Western Ontario. Mr. Tagliamonte has over 25 years of progressive managerial experience building and operating mines worldwide, notably in Central and South America. He is currently the President and Chief Executive Officer of Belo Sun Mining Corp. and an Executive Director of Sulliden Mining Capital Inc. He was previously the President and Chief Executive Officer of Sulliden Gold Corporation Ltd. and Central Sun Mining Corp., and Chief Operating Officer of Desert Sun Mining, where he contributed to the development of the Jacobina Mine in Brazil into a 4,200-tonne-per-day mining operation. In 2005, he received the Mining Journal's "Mine Manager of the Year" award in recognition for his work in the mining sector.

Notes:

(1) The information as to shares beneficially owned, not being within the knowledge of the management of the Corporation, has been furnished by the respective individuals or has been extracted from the register of shareholdings maintained by the Corporation's transfer agent.

(2) These directors are considered "independent" pursuant to Multilateral Instrument 52-110 – *Audit Committees*.

(3) Guy Charette served as a director of the Corporation from March 25, 2003 to September 17, 2010, at which time he resigned as a director in order to accommodate the appointment of Mr. Danziger to the Corporation's board of directors and was appointed to the office of Executive Vice President. He was re-elected as a director of the Corporation on May 10, 2011.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, none of the directors or executive officers of the Corporation are, as at the date hereof, or have been, within the ten years prior to the date hereof, a director or executive officer, of any company that, while that person was acting in the 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. Stan Bharti who was a director of Stetson Oil & Gas Ltd. when on May 7, 2008 it became subject to a cease trade order for failing to file its financial statements. This cease trade order was revoked on May 30, 2008. Mr. Bharti was also director of Kansai Mining Corporation ("**Kansai**"), a company listed on the TSX Venture Exchange. On January 29, 2008, a cease trade order was issued against Kansai and each of the directors and officers, as a result of Kansai failing to file comparative financial statements for the year ended September 30, 2007 and management's discussion and analysis for the year ended September 30, 2007. On March 5, 2008, the cease trade order was revoked; and

(ii) 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. David Danziger in respect of American Apparel as disclosed above.

In addition, on April 16, 2014, the Ontario Securities Commission issued a permanent management cease trade order, which superseded a temporary management cease trade order (the "**MCTO**") dated April 4, 2014, against Guy Charette, in his capacity as Interim CEO and Rishi Tibriwal, in his capacity as CFO. The MCTO 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 MCTO was lifted on June 19, 2014 following the filing of the required continuous disclosure documents on June 17, 2014. During the period of the MCTO, Messrs. Charette and Danziger were directors of the Corporation, and Messrs. Kozub and Ruff were officers of the Corporation.

None of the directors or executive officers of the Corporation 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 directors or executive officers of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian 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 investor in making an investment decision.

None of the directors or executive officers of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation, or a personal holding company of any such persons has, within the ten years before the date of this annual information form, become 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 the assets of that person.

Conflicts of Interest

Certain directors and officers of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest which they may have in any property or opportunity of the Corporation. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter. The directors and officers of the Corporation are not aware of any such conflicts of interests.

AUDIT COMMITTEE

The purpose of the Audit Committee of the Corporation's Board of Directors is to provide assistance to the directors of the Corporation in fulfilling their legal and fiduciary obligations with respect to matters involving accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. It is the objective of the Audit Committee to maintain communication among the directors of the Corporation, the external auditors and the senior management of the Corporation.

Audit Committee Charter

The text of the Audit Committee's charter is attached to this Annual Information Form as Appendix "A".

Composition of the Audit Committee

The Audit Committee meets with the Corporation's auditors as necessary and before submission of audited annual financial statements to the Board. The Audit Committee is responsible for assessing the performance of the Corporation's auditors and for reviewing the Company's financial reporting and internal controls. The Audit Committee met quarterly during the fiscal year ended December 31, 2016.

The Audit Committee members are currently David Danziger (Chairman), Justin Reid and Matthew Simpson, each of whom is a director and financially literate. All three members of the Audit Committee are independent in accordance with Sections 1.4 and 1.5 of NI 52-110.

Relevant Education and Experience

Collectively, the members of the Audit Committee have considerable skill and professional experience in accounting, business and finance.

Mr. Danziger is a practicing Chartered Professional Accountant with over 30 years of experience in audit, accounting and management consulting and over 13 years of experience specific to the mineral resource sector. He is currently a partner and the Senior Vice President of Assurance at MNP LLP, Chartered Professional Accountants and also serves as a director for a number of TSX and TSX-V listed companies. Mr. Danziger is a past member of the Ontario Securities Commission's Advisory Committee on Small and Medium Sized Enterprises as well as the CPA/PDAC Taskforce on IFRS for Mining.

Mr. Reid is a geologist and capital markets executive with over 20 years of experience focused exclusively in the resource space. From February 2013 to August 2014, Mr. Reid served as President of Sulliden Gold Corporation Ltd. Mr. Reid started his career as a geologist with the SGS and Cominco Ltd. after which he became a partner and senior mining analyst at Cormark Securities in Toronto. In 2009, Mr. Reid was named Executive General Manager at Paladin Energy responsible for leading all mergers and acquisitions, corporate and market related activities. He returned to Canada in early 2011 assuming the role of Managing Director Global Mining Sales at National Bank Financial, where he directed the firm's sales and trading in the mining sector. Mr. Reid holds a B.Sc from the University of Regina, an M.Sc from the University of Toronto and MBA from the Kellogg School of Management at Northwestern University.

From 2002 to 2010, Mr. Simpson worked for the Iron Ore Company of Canada ("**IOC**"), a subsidiary of Rio Tinto plc with annual production capacity of 17.5 million tonnes of iron ore concentrate as publicly reported in 2009. At IOC, he held several progressive roles in Business Evaluation, Operations Planning, Continuous Improvement and in his last three years as Mine General Manager. Prior to joining IOC, Mr. Simpson worked as a process engineer for Hatch Ltd. designing and debottlenecking metallurgical refineries around the world. Mr. Simpson has extensive experience in mine design, operations and project management. He holds a Master of Business Administration (MBA) as well as a Bachelor of Science in Chemical Engineering both from Queen's University. Mr. Simpson is currently the President and Chief Executive Officer of Black Iron Inc.

Each of the current members of the Audit Committee acts, or has acted, as a director, officer and/or audit committee member of other public issuers and, as such, has obtained experience in the analysis and evaluation of financial statements generally and an understanding of the internal controls and procedures for financial reporting.

Audit Committee Oversight

The Board has not determined not to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor at any time since the commencement of the most recently completed financial year.

Pre-Approval Policy and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Disclosure

The auditors of the Corporation are currently UHY McGovern Hurley LLP, Chartered Accountants of Toronto, Ontario.

Audit Fees

The following table provides detail in respect of audit, audit related, tax and other fees payable by the Corporation to the external auditors for professional services for the past two completed financial years:

Year Ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2016 (estimated)	$50,000	Nil	$5,000	Nil
December 31, 2015	$314,831	Nil	$27,400	Nil

Audit Fees – payable for professional services rendered by the auditors for the audit of the Corporation's annual financial statements as well as services provided in connection with statutory and regulatory filings, which included the review of quarterly financial statements and related documents.

Audit-Related Fees – payable for other professional services rendered by the auditors.

Tax Fees – payable for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – payable for professional services which are not reported under the "Audit Fees", "Audit-Related Fees" and "Tax Fees" categories.

PROMOTERS

No person or company has been a promoter of the Corporation during the two years immediately preceding the date of this Annual Information Form.

LEGAL PROCEEDINGS

To the knowledge of management, no legal proceedings of a material nature involving the Corporation have been initiated or are contemplated by any individuals, entities or governmental authorities, other than as set forth below.

Daniel Kivari, the Corporation's former Chief Operating Officer, who has filed a Statement of Claim against the Corporation at the Ontario Superior Court of Justice in respect of the termination of his employment in January 2014. This litigation has been settled out of court.

Rishi Tibriwal, the Corporation's former Chief Financial Officer, filed a claim against the Corporation in the Ontario Superior Court of Justice in respect of the termination of his employment in July 2014. This litigation has been settled out of court.

Dino Titaro, the Corporation's former President and Chief Executive Officer, filed a claim against the Corporation in the Ontario Superior Cout of Justice in resepct of the termination of his employment in January 2014. This litigation has been settled out of court.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management is unaware of any material interest of any officer or director of the Corporation, or of any person or any associate or affiliate of any such person, in any transaction within the three most recently completed financial years of the Corporation or any proposed transaction that has materially affected or would materially affect the Corporation or any of its affiliates.

TRANSFER AGENT AND REGISTRAR

The Corporation's registrar and transfer agent for its common shares is TSX Trust Company, having an office at:

200 University Avenue, Suite 300
Toronto, Ontario
M5H 4H1

MATERIAL CONTRACTS

Within the two years immediately preceding the date of this Annual Information Form, the only material contracts entered into by the Corporation, other than in the ordinary course of business, are the gold stream transactions (i.e., the Purchase Agreement dated as of May 4, 2010, as amended from time to time, together with the Sale and Purchase Agreement dated as of October 25, 2012) and the Facility dated January 11, 2013, as amended from time to time, with Macquarie and which were assigned by Macquarie to Brio as of March 31, 2016, as well as the Amended and Restated Restructuring Agreement dated February 17, 2016 entered into by the Corporation with Macquarie and Brio.

Copies of these agreements are available for viewing on SEDAR at www.sedar.com. Copies of any future material contracts will also be filed and available for viewing on SEDAR.

INTEREST OF EXPERTS

The following persons have prepared or certified reports included in a filing made under National Instrument 51-102 – *Continuous Disclosure Obligations* by the Corporation during the Corporation's most recently completed financial year and whose profession or business gives authority to the report:

Mr. Craig Moffat, C.A.

PricewaterhouseCoopers LLP
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario, Canada

Pierre Desautels, P. Geo
PEG Mining Consultants
Barrie, Ontario, Canada

Rodrigo de Brito Mello
NCL Brasil Ltda
Belo Horizonte, Brazil

Eric Harkonen, P. Eng
PEG Mining Inc.
Barrie, Ontario, Canada

Mario Colantonio, P.Eng
Porcupine Engineering Services Inc.
Timmins, Ontario, Canada

Gordon Zurowski, P.Eng
PEG Mining Consultants
Barrie, Ontario, Canada

Warren Newcomen, P.Eng
BGE Engineering Inc.
Kamloops, Ontario, Canada

Andy Holloway, P.Eng
PEG Mining Consultants
Barrie, Ontario, Canada

Alfred Hayden P.Eng
EHA Engineering Ltd.
Richmond Hill, Ontario, Canada

Carlos Guzman
NCL Brasil Ltda
Nova Lima, Brasil

Richard Lawrence
Lawrence Consulting Limited
Vancouver, British Columbia, Canada

John Wells

Independent Metallurgical Consultant
Veron, British Columbia, Canada

Roy Lopes, P.Eng
Golder Associates Brasil Consutoria e Projetos Ltda.
Rio de Janeiro, Brazil

None of the above mentioned experts has any registered or beneficial interest, directly or indirectly, in any securities or other properties of the Corporation. They are not expected to be appointed or employed as directors, officers, or employees of the Corporation.

The auditors of the Corporation during the year ended December 31, 2016 were PricewaterhouseCoopers, LLP ("**PwC**") until June 13, 2016 at which point PwC agreed to resign, and UHY McGovern Hurley LLP ("**UHY**") was appointed as auditors of the Corporation. Both PwC and UHY have advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information about the Corporation is available at the Corporation's website at www.eurosunmining.com and on SEDAR at www.sedar.com. Information about the Corporation, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's shares, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's Management Information Circular for the Corporation's 2016 annual and special meeting of shareholders which was held on August 4, 2016.

Additional financial information about the Corporation is provided in the Corporation's audited consolidated financial statements as at December 31, 2016, the notes thereto and the report of the Corporation's auditors thereon, as well as the Management's Discussion and Analysis for the financial year ended December 31, 2016.

Copies of these documents, together copies of any documents or the pertinent pages of any documents incorporated by reference in this Annual Information Form, are available upon request to the Corporation's Corporate Secretary at 65 Queen Street West, 8th Floor, Toronto, Ontario, Canada, M5H 2M5, provided that the Corporation may require payment of a reasonable charge if the request is made by a person who is not a security holder of the Corporation. All of this documentation is also available at www.SEDAR.com.

Appendix "A"

EURO SUN MINING INC.
(The "Company")

CHARTER OF THE AUDIT COMMITTEE

I. PURPOSE

The Audit Committee (the "**Audit Committee**") is a committee of independent directors appointed by the Board of Directors of the Company (the "**Board of Directors**"). The Audit Committee's mandate is to provide assistance to the Board of Directors in fulfilling its financial reporting and control responsibility to the shareholders and the investment community. The Committee is, however, independent of the Board of Directors and the Company and in carrying out their role shall have the ability to determine its own agenda and any additional activities that the Audit Committee shall carry out.

II. COMPOSITION

The Committee will be comprised of at least three directors of the Company, all of whom, subject to any exemptions set out in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") will be independent and financially literate. In addition, at least one member of the Audit Committee shall have accounting or related financial expertise as such qualifications are interpreted by the Board of Directors. An "independent" director is a director who has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the director's independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of NI 52-110. A "financially literate" director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Company.

III. RESPONSIBILITIES

Responsibilities of the Audit Committee generally include, but are not limited to, the undertaking of the following tasks:

- Selecting and determining the compensation of the external auditors, subject to approval of the shareholders of the Company, to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company. In making such determination and recommendation to the shareholders, the Audit Committee will:
    - confirm the independence of the auditors and report to the Board of Directors its conclusions on the independence of the auditors and the basis for these conclusions;

  - meet with the auditors and financial management to review the scope of the proposed audit for the current year, and the audit procedures to be used; and

  - obtain from the external auditors confirmation that they are participants in good standing in the Canadian Public Accountability Board oversight program and other legal or regulatory requirements with respect to the audit of the financial statements of the Company.

- Overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. In overseeing such work, the Audit Committee will:

  - review with the external auditors any audit problems or difficulties and management's response;

  - at least annually obtain and review a report prepared by the external auditors describing (i) the auditors' internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, and reviewing any steps taken to deal with such issues;

  - serve as an independent and objective party to monitor the Company's financial reporting process and internal control system and overseeing management's reporting on internal control;

  - provide open lines of communication among the external auditors, financial and senior management, and the Board of Directors for financial reporting and control matters;

  - make inquiries of management and the external auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risks to the Company;

  - establish procedures to ensure that the Audit Committee meets with the external auditors on a regular basis in the absence of management;

  - ensure that the external auditors prepare and deliver annually a detailed report covering (i) critical accounting policies and practices to be used; (ii) material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; (iii) other material written communications between the external auditors and management such as any management letter or schedule of unadjusted differences; and (iv) such other aspects as may be required by the Audit Committee or legal or regulatory requirements;

- consider any reports or communications (and management's responses thereto) submitted to the Audit Committee by the external auditors, including reports and communications related to:

  (a) deficiencies noted following the audit of the design and operation of internal controls;

  (b) consideration of fraud in the audit of the financial statement;

  (c) detection of illegal acts;

  (d) the external auditors' responsibility under generally accepted auditing standards;

  (e) significant accounting policies;

  (f) management judgements and accounting estimates;

  (g) adjustments arising from the audit;

  (h) the responsibility of the external auditors for other information in documents containing audited financial statements;

  (i) disagreements with management;

  (j) consultation by management with other accountants;

  (k) major issues discussed with management prior to retention of the external auditors;

  (l) difficulties encountered with management in performing the audit;

  (m) the external auditors judgements about the quality of the entity's accounting principles; and

  (n) any reviews of unaudited interim financial information conducted by the external auditors;

- review the form of opinion the external auditors propose to render to the Audit Committee, the Board of Directors and shareholders; and

- discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the external auditors or management, and the financial impact thereof.

• Pre-approving all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor, subject to any exemptions set out in NI 52-110. Notwithstanding the pre-approval process, the Audit Committee will ensure that the external auditors are prohibited from providing the following non-audit services and will determine which other non-audit services the external auditors are prohibited from providing:

- bookkeeping or other services related to the accounting records or financial statements of the Company;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources;
- broker, dealer, investment adviser or investment banking services;
- legal services and expert services unrelated to the audit; and
- any other service that the Audit Committee determines to be impermissible.

- Ensuring that the external auditors submit annually to the Company and the Audit Committee a formal written statement of the fees billed for each of the following categories of services rendered by the external auditors: (i) the audit of the Company's annual financial statements for the most recent fiscal year and, if applicable, the reviews of the financial statements included in the Company's Quarterly Reports for that fiscal year; and (ii) all other services rendered by the external auditors for the most recent fiscal year, in the aggregate and by each service.

- Reviewing the Company's financial statements, Management's Discussion and Analysis, annual and interim earnings press releases and any other reports or other financial information to be submitted to any regulatory body, or the public, before the Company files, issues or publicly discloses the information. In connection with such review, the Audit Committee will ensure that:

  - management has reviewed the financial statements with the Audit Committee, including significant judgments affecting the financial statements;
  - the members of the Audit Committee have discussed among themselves, without management or the external auditors present, the information disclosed to the Audit Committee; and
  - the Audit Committee has received the assurance of both financial management and the external auditors that the Company's financial statements are fairly presented in conformity with Canadian GAAP in all material respects.

- Ensuring that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to above, and periodically assessing the adequacy of those procedures.

- Reviewing, evaluating and monitoring any risk management program implemented by the Company, including any revenue protection program. This function should include:

  - risk assessment;

  - quantification of exposure;

  - risk mitigation measures; and

  - risk reporting.

- Reviewing the adequacy of the resources of the finance and accounting group, along with its development and succession plans.

- Establishing procedures for:

  - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

  - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- Reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

- Annually reviewing and revising this Charter as necessary with the approval of the Board of Directors of the Company and the text relating to this Charter which is required to appear in the Annual Information Form of the Company, as more specifically set out in Form 52-110FI *Audit Committee Information Required in an AIF*.

- Reviewing and assessing the adequacy of the Code of Business Conduct and Ethics governing the officers, directors and employees of the Company and the Code of Ethics governing Financial Reporting Officers at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Board of Directors.

- Reporting its activities to the Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.

- Reviewing and discussing with management, and approving all related party transactions.

IV. AUTHORITY

The Audit Committee has the authority to:

- Engage independent counsel and other advisors as the Audit Committee determines necessary to carry out its duties;
- Set and pay the compensation for any advisors employed by the Audit Committee, in accordance with applicable corporate statutes; and
- Communicate directly with the external auditors.

V. ADMINISTRATIVE PROCEDURES

- The Audit Committee will meet regularly and whenever necessary to perform the duties described above in a timely manner, but not less than four times a year. Meetings of the Audit Committee shall be held from time to time as the Committee or the Audit Chairman of the Committee shall determine upon 48 hours notice to each of its members and by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other.
- The notice period may be waived by a quorum of the Audit Committee.
- The Committee will record minutes of its meetings and, through its Chairman, report periodically to the Board.
- At the discretion of the Audit Committee, meetings may be held with representatives of the external auditors and appropriate members of management.
- The external auditors will have direct access to the Audit Committee at their own initiative.
- The Chairman of the Audit Committee may be appointed by the Board of Directors; however, if the Board of Directors does not appoint a Chairman, the members of the Audit Committee shall designate a Chairman by a majority vote of the Audit Committee.
- A quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee.