

EUROSUN

MINING

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

(Expressed in United States Dollars)

(UNAUDITED)

EURO SUN MINING INC.

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

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

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

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

"David Danziger", Director

"Stan Bharti", Director

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

EURO SUN MINING INC.

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

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

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

EURO SUN MINING INC.

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

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

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

EURO SUN MINING INC.

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

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

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

EURO SUN MINING INC.

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

1. Nature of operations and going concern

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

The Company was incorporated under the federal laws of Canada (the *Canada Business Corporations Act*) on January 17, 2003, is domiciled in Canada and its common shares are currently posted for trading and listed on the Toronto Stock Exchange ("TSX") under the symbol "ESM". The address of its registered office is 65 Queen Street West, Suite 805, Toronto, Ontario, M5H 2M5.

These unaudited condensed consolidated interim financial statements were prepared on a going concern basis of presentation, which contemplates the realization of assets and settlement of liabilities as they become due in the normal course of operations for the next fiscal year. For the three months ended March 31, 2019, the Company incurred a net loss of \$1,861,246 and as at March 31, 2019, reported an accumulated deficit of \$219,194,299 and working capital of \$5,867 including \$884,042 in cash and cash equivalents. The Company has no current source of operating cash flow, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore and develop its property and to cover general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds through the issuance of equity or debt. Management believes it will be able to raise sufficient additional funds to support activities for the next twelve.

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

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

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

EURO SUN MINING INC.

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

2. Basis of presentation

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

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

Basis of measurement

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

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

Basis of presentation

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

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

The Company's financial statements consolidate its subsidiaries which comprise the following at March 31, 2019:

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

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

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three months ended March 31, 2019 and 2018
(Expressed in United States Dollars)
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2. Basis of presentation (continued)

Significant accounting policies

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

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

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

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

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

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

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

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

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three months ended March 31, 2019 and 2018
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2. Basis of presentation (continued)

Significant accounting policies

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

3. Property, plant and equipment

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

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

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
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4. Investment in Vilhelmina Minerals Inc.

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

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

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

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

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

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

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
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5. Deferred share units

Effective January 21, 2010, the Company established a Deferred Share Unit (“DSU”) Plan for directors or officers of the Company or any affiliate thereof (“Eligible Person”). A DSU is a unit equivalent in value to one common share of the Company based on the five-day average trading price of the Company’s common shares on the TSX immediately prior to the date on which the value of the DSU is determined. Upon termination, an eligible person receives a cash payment equivalent to the quoted market value of a common share on the termination date multiplied by the number of DSUs held by them. The DSU liability is based on the quoted market value of the Company’s shares at the date of the consolidated statement of financial position.

The following transactions occurred during the periods noted below:

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

6. Share capital

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

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

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

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

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
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6. Share capital (continued)

(c) Stock options

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

As at March 31, 2019, stock options held by directors, officers, employees and consultants are as follows:

Options outstanding	Options exercisable	Grant date fair value vested	Exercise price (CAD)	Date of expiry	Remaining contractual life in years
4,068,683	4,068,683	\$ 3,872,527	\$ 1.36	June 13, 2021	2.21
275,265	275,265	211,634	1.36	September 30, 2021	2.50
1,500,000	1,500,000	110,004	0.33	March 14, 2021	1.96
500,000	500,000	105,130	0.46	March 28, 2024	5.00
6,343,948	6,343,948	\$ 4,299,295			2.38

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

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

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three months ended March 31, 2019 and 2018
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6. Share capital (continued)

(d) Common share purchase warrants

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

At March 31, 2019, outstanding warrants to acquire common shares of the Company were as follows:

Number of warrants outstanding	Grant date fair value	Weighted average exercise price (CAD)	Expiry date
3,932,425	\$ 2,205,265	\$ 2.18	May 19, 2019
5,000,000	252,192	0.50	March 26, 2021
8,932,425	\$ 2,457,457	\$ 1.24	

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

See Note 11.

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
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7. Exploration and evaluation expenditures

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

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

The Company owns 100% of the Rovina Valley Project in Romania; mining license number 18174/2015 which is held through its subsidiary SAMAX Romania S.R.L. The license will come into effect once it is ratified by the Romanian Government. Once ratified, the mining license is valid for 20 years, renewable for periods of five years until all the resources have been mined. The project carries a 6% (gold) and 5% (copper) net smelter return "NSR" royalty payable to the Romanian state once in production. As at March 31, 2019, the Company has only one material segment for financial reporting purposes, which is the development of its Romanian mining permit.

8. Related party transactions

Key management personnel compensation:

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

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

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

EURO SUN MINING INC.

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9. Commitments and contingencies

(a) Management Contracts

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

(b) Environmental

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

10. Lease liability

On August 29, 2017, the Company entered into a lease agreement for office space in Bucharest, Romania. The monthly rent payable under the terms of the lease is 7,815 Euros (\$9,617) plus applicable service charges. The rent payable is subject to an annual increase based on the percentage increase in the Euro Zone Monetary Union Index of Consumer Prices over the prior year assessed annually. Amounts unpaid when due are subject to interest of 0.2% per day from the due date until the date the payment is made. The lease is for fixed term of five years commencing August 2017. As at March 31, 2019, the Company had paid a deposit equivalent to six months rent and services charges of \$76,585. The Company used a discount rate of 8.5% in determining the present value of the lease payments.

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

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

EURO SUN MINING INC.

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

11. Subsequent event

Amendment to outstanding warrants

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

Share based compensation

Subsequent to March 31, 2019, the Company issued 3,870,000 DSUs were granted, with one third vesting immediately, one third vesting in one year from the grant date, and one third vesting in two years from the grant date.

The Company granted 840,000 stock options with an exercise price of \$0.73 and an expiration period of five years. All stock options granted vested immediately on the date of grant.