

# EUROSUN

MINING

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

**(Expressed in United States Dollars)**

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# EURO SUN MINING INC.

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

As at:	March 31, 2021	December 31, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 5,084,058	\$ 7,825,681
Restricted deposits	23,857	23,559
Prepaid expenses and sundry receivables	994,030	799,011
Investments (Note 5)	672,999	869,546
<b>Total current assets</b>	<b>\$ 6,774,944</b>	<b>\$ 9,517,797</b>
Non-current assets		
Property, plant and equipment (Note 3)	589,105	636,893
Deposits (Note 11)	76,585	76,585
<b>Total assets</b>	<b>\$ 7,440,634</b>	<b>\$ 10,231,275</b>
<b>Liabilities</b>		
Current liabilities		
Trade and other payables (Note 9)	\$ 1,112,962	\$ 1,577,096
Deferred share unit liability (Note 6)	1,345,989	1,339,766
Current lease liability (Note 11)	106,429	108,513
<b>Total current liabilities</b>	<b>\$ 2,565,380</b>	<b>\$ 3,025,375</b>
Non-current lease liability (Note 11)	47,706	79,056
<b>Total liabilities</b>	<b>\$ 2,613,086</b>	<b>\$ 3,104,431</b>
Equity (deficiency) attributable to shareholders		
Share capital (Note 7 (b))	234,959,271	234,456,221
Contributed surplus (Note 7 (c))	3,469,508	3,577,679
Warrants (Note 7 (d))	4,125,700	4,342,585
Accumulated deficit	(237,599,067)	(235,066,995)
Accumulated other comprehensive loss	(127,864)	(182,646)
<b>Total shareholders' equity</b>	<b>\$ 4,827,548</b>	<b>\$ 7,126,844</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 7,440,634</b>	<b>\$ 10,231,275</b>

Nature of operations and going concern (Note 1)  
Commitments and contingencies (Note 8 and Note 10)

Approved by the Board of Directors on May 13, 2021:

"David Danziger", Director

"Danny Callow", 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)

	Three months ended March 31, 2021	Three months ended March 31, 2020
<b>Expenses</b>		
Consulting and management fees (Note 9)	\$ 364,174	\$ 294,146
Professional fees	29,124	27,461
General office expenses	23,632	51,613
Travel expenses	9,293	28,818
Shareholder communications and filing fees	283,499	81,611
Share-based compensation (Note 6, 7 (c) and 9)	(8,556)	(243,944)
Exploration and evaluation expenditures (Note 8)	1,830,938	986,870
Change in fair value of investments (Note 5)	206,011	-
Loss (gain) on foreign exchange	13,076	(305,302)
Interest income	(5,828)	-
Interest expense	3,594	5,842
<b>Net loss for the period from continuing operations</b>	<b>\$ (2,748,957)</b>	<b>\$ (927,115)</b>
Loss from discontinued operations (Note 4)	-	(289,183)
<b>Net loss for the period</b>	<b>\$ (2,748,957)</b>	<b>\$ (1,216,298)</b>
<b>Other comprehensive income (loss)</b>		
Items that will subsequently be reclassified to operations:		
Cumulative exchange translation adjustments	\$ 54,782	\$ (484,530)
<b>Other comprehensive income (loss) for the period</b>	<b>\$ 54,782</b>	<b>\$ (484,530)</b>
<b>Net comprehensive loss for the period</b>	<b>\$ (2,694,175)</b>	<b>\$ (1,700,828)</b>
Basic and diluted loss per share from continuing operations	\$ (0.02)	\$ (0.01)
Basic and diluted loss per share from discontinued operations	\$ -	\$ -
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	170,322,736	108,409,842

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 (deficiency) (Expressed in United States dollars)

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Non-controlling interest	Shareholders' equity (deficiency)
Balance, December 31, 2019	\$ 219,767,486	\$ 1,093,776	\$ 4,134,234	\$ (225,426,797)	\$ (692,465)	\$ (241,875)	\$ (1,365,641)
Private placement (Note 7 (b))	2,504,040	-	-	-	-	-	2,504,040
Share issuance costs (Note 7 (b))	(19,547)	-	-	-	-	-	(19,547)
Stock option grant (Note 7 (c))	-	-	149,374	-	-	-	149,374
Net loss and comprehensive loss	-	-	-	(1,216,298)	(484,530)	121,724	(1,579,104)
Balance, March 31, 2020	\$ 222,251,979	\$ 1,093,776	\$ 4,283,608	\$ (226,643,095)	\$ (1,176,995)	\$ (120,151)	\$ (310,878)
Balance, December 31, 2020	\$ 234,456,221	\$ 4,342,585	\$ 3,577,679	\$ (235,066,995)	\$ (182,646)	\$ -	\$ 7,126,844
Stock option vesting (Note 7 (c))	-	-	1,833	-	-	-	1,833
Stock option exercise (Note 7 (c))	393,046	-	-	-	-	-	393,046
Stock option exercise value allocation (Note 7 (c))	110,004	-	(110,004)	-	-	-	-
Warrant expiry (Note 7 (d))	-	(216,885)	-	216,885	-	-	-
Net loss and comprehensive loss	-	-	-	(2,748,957)	54,782	-	(2,694,175)
Balance, March 31, 2021	\$ 234,959,271	\$ 4,125,700	\$ 3,469,508	\$ (237,599,067)	\$ (127,864)	\$ -	\$ 4,827,548

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)

	Three months ended March 31, 2021	Three months ended March 31, 2020
<b>Cash flows from operating activities</b>		
Loss and comprehensive loss for the period	\$ (2,694,175)	\$ (1,700,828)
Adjustment for:		
Depreciation (Note 3)	53,085	50,310
Change in fair value of investments (Note 5)	206,011	-
Interest income	(5,828)	-
Deferred share units (Note 6)	(10,389)	(393,318)
Stock options vested (Note 7 (c))	1,833	149,374
	\$ (2,449,463)	\$ (1,894,462)
Prepaid expenses, sundry receivables and restricted deposits	(195,019)	228,862
Trade and other payables	(447,522)	(1,699,038)
Net cash used in operating activities from continuing operations	\$ (3,092,004)	\$ (3,364,638)
Net cash (used in) provided by operating activities from discontinued operations	-	513,131
Net cash used in operating activities	\$ (3,092,004)	\$ (2,851,507)
<b>Cash flows from investing activities</b>		
Interest income	5,828	-
Acquisition of property, plant and equipment (Note 3)	(5,297)	(25,319)
Net cash used in investing activities	\$ 531	\$ (25,319)
<b>Cash flows from financing activities</b>		
Proceeds from private placement (Note 7 (b))	-	2,504,040
Share issuance costs (Note 7 (b))	-	(19,547)
Option exercise (Note 7 (c))	393,046	-
Payment of principal portion of lease liability (Note 11)	(28,641)	(21,808)
Loans repayment	-	(76,994)
Net cash provided by financing activities	\$ 364,405	\$ 2,385,691
Effect of exchange rate changes on cash and cash equivalents	\$ (14,555)	\$ (42,683)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,741,623)	(533,818)
CASH AND CASH EQUIVALENTS, beginning of period	\$ 7,825,681	\$ 1,499,857
CASH AND CASH EQUIVALENTS, end of period	\$ 5,084,058	\$ 966,039
<b>Cash and cash equivalents are comprised of:</b>		
Cash in bank	\$ 1,903,147	\$ 966,039
Short-term money market instruments	3,180,911	-
	\$ 5,084,058	\$ 966,039

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, 2021 and 2020  
(Expressed in United States Dollars)

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## 1. Nature of operations and going concern

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

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

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, 2021, the Company incurred a net loss of \$2,748,957 and as at March 31, 2021, reported an accumulated deficit of \$237,599,067 and working capital of \$4,209,564 including \$5,084,058 in cash and cash equivalents. The Company has no current source of operating cash flow, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore and develop its property and to cover general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds through the issuance of equity or debt. These matters represent material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern.

These 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, 2021 and 2020 (Expressed in United States Dollars)

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### 2. Basis of presentation

The Company prepares its unaudited condensed consolidated interim financial statements in accordance with IFRS as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These statements are condensed and do not include all the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2020.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 13, 2021.

### 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 Euro Sun Mining Inc. is the Canadian dollar. The functional currency of SAMAX Romania Limited and SAMAX Romania S.R.L. 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, 2021 and December 31, 2020:

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

On October 10, 2019, the Company purchased all outstanding shares of Vilhelmina Minerals Inc., increasing its ownership of Vilhelmina Mineral Inc. from 34.1% to 100%. Vilhelmina Minerals Inc. had a 46.9% ownership in Vilhelmina Mineral AB and a 23.5% ownership in Joma Gruver AS on October 10, 2019. Mr. Scott Moore, an officer and director of the Company, is a director of Vilhelmina Mineral AB.

In January 2020, the Company amalgamated Vilhelmina Minerals Inc. with the Company. In June 2020, its ownership of Vilhelmina Mineral AB was diluted to 31.2% and deconsolidation took place. During the period ended June 30, 2020, Vilhelmina Mineral AB's interest in Joma Gruver AS was increased to 75%.

In July 2020, the Company sold its ownership interest in Vilhelmina Mineral AB.

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2021 and 2020  
(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, 2020.

### Future accounting standards not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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

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

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.



# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements

For the three months ended March 31, 2021 and 2020

(Expressed in United States Dollars)

## 3. Property, plant and equipment

	Building in Progress	Leasehold improvements	Machinery, equipment & vehicles	Right of use asset	Total
<b>Cost:</b>					
Balance, December 31, 2019	\$ 102,430	\$ 402,333	\$ 173,784	\$ 331,946	\$ 1,010,493
Additions	-	71,205	76,143	-	147,348
Balance, December 31, 2020	\$ 102,430	\$ 473,538	\$ 249,927	\$ 331,946	\$ 1,157,841
Additions	-	-	<b>5,297</b>	-	<b>5,297</b>
<b>Balance, March 31, 2021</b>	<b>\$ 102,430</b>	<b>\$ 473,538</b>	<b>\$ 255,224</b>	<b>\$ 331,946</b>	<b>\$ 1,163,138</b>
<b>Depreciation:</b>					
At December 31, 2019	\$ -	\$ 134,312	\$ 83,137	\$ 90,531	\$ 307,980
Depreciation charge for the year	-	77,352	45,085	90,531	212,968
Balance, December 31, 2020	\$ -	\$ 211,664	\$ 128,222	\$ 181,062	\$ 520,948
Depreciation charge for the period	-	<b>18,082</b>	<b>12,370</b>	<b>22,633</b>	<b>53,085</b>
<b>Balance, March 31, 2021</b>	<b>\$ -</b>	<b>\$ 229,746</b>	<b>\$ 140,592</b>	<b>\$ 203,695</b>	<b>\$ 574,033</b>
<b>Net book value:</b>					
At December 31, 2020	\$ 102,430	\$ 261,874	\$ 121,705	\$ 150,884	\$ 636,893
<b>At March 31, 2021</b>	<b>\$ 102,430</b>	<b>\$ 243,792</b>	<b>\$ 114,632</b>	<b>\$ 128,251</b>	<b>\$ 589,105</b>

As at March 31, 2021, the carrying value of property, plant and equipment is comprised of \$nil in Canada (December 31, 2020 – \$nil) and \$589,105 in Romania (December 31, 2020 - \$636,893).

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in United States Dollars)

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## 4. Discontinued operations

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% as at December 31, 2018 (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% at the time of the transaction. At the time of the transaction, the Company also held a 46.9% ownership interest in Vilhelmina Mineral AB ("Vilhelmina"), a private company which owns an interest in exploration and evaluation properties in Sweden and Norway. Vilhelmina Minerals Inc. has a contractual right to appoint three of the five directors of Vilhelmina. Vilhelmina is located in Sweden, and Mr. Scott Moore, an officer and director of the Company, is a director of Vilhelmina. Vilhelmina holds a 75% interest in Joma Gruver AS, a private company which holds an interest in exploration and evaluation properties in Norway, with an option to increase its ownership.

On October 10, 2019, the Company acquired all of the issued and outstanding shares of Vilhelmina Minerals Inc. The Company acquired 2,457,230 common shares of Vilhelmina Minerals Inc. from other existing shareholders of Vilhelmina Minerals Inc. for a total purchase price of 9,088,235 common shares of the Company issued from treasury, making Vilhelmina Minerals Inc. a wholly owned subsidiary of the Company (the "Acquisition"). Prior to acquiring all issued and outstanding shares of Vilhelmina Minerals Inc., Vilhelmina Minerals Inc. had been accounted for as an investment in associate using the equity method.

On January 1, 2020, Vilhelmina Minerals Inc. and Euro Sun were amalgamated, effectively, resulting in Vilhelmina Minerals Inc.'s investment in Vilhelmina being transferred to the Company. In March 2020, the Company entered into an agreement to sell its investment in Vilhelmina and therefore, Vilhelmina was recorded as assets and liabilities held for sale as at June 30, 2020. During the three months ended June 30, 2020, Vilhelmina issued 11,504,496 new shares, resulting in the Company diluting its ownership percentage of Vilhelmina to 31.2%. Following this ownership dilution, the Company retained the right to appoint three of the five directors of Vilhelmina. In addition, Vilhelmina increased its ownership in Joma Gruver AS to 75% in May 2020.

On March 9, 2020, the Company entered into an agreement to sell its interest in Vilhelmina to Nickel Mountain Resources AB ("Nickel Mountain") for share consideration of 11 shares of Nickel Mountain for each one share of Vilhelmina owned by the Company (the "Transaction"). As a result of management's assessment of conditions existing at December 31, 2019, the Company's investment in Vilhelmina was classified as assets and liabilities held for a sale and discontinued operations. The operating results related to Vilhelmina Mineral AB have been included in the discontinued operations in the consolidated statement of loss and comprehensive loss are as follows: March 31, 2021: \$Nil, (March 31, 2020: \$289,183).

On July 2, 2020, the Transaction closed and Vilhelmina was sold to Nickel Mountain. The Company received 96,211,544 shares of Nickel Mountain valued at \$1,136,537 (SEK10,583,270) as consideration for the sale of Vilhelmina. On closing of the Transaction, the Company owned approximately 11.8% of Nickel Mountain. As management determined the Company had no significant influence over Nickel Mountain, the investment in Nickel Mountain is recorded at its estimated fair value. On December 17, 2020, Nickel Mountain changed its name to Bluelake Mineral AB ("Bluelake Mineral").

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in United States Dollars)

## 5. Investments

On July 2, 2020, the Company received 96,211,544 shares of Bluelake Mineral (previously Nickel Mountain, refer to discontinued operations Note 4) valued at \$1,136,537 (SEK10,583,270) as consideration for the sale of Vilhelmina Mineral AB (see Note 4). At March 31, 2021, the Company owned approximately 11.8% of Bluelake Mineral.

Changes in the investment in Bluelake Mineral during the period were as follows:

	Common shares	
	#	\$
Balance, December 31, 2019	-	-
Shares received on sale of Vilhelmina Mineral AB (Note 4)	96,211,544	1,136,537
Mark-to-market loss on value of shares recorded in the consolidated statement of loss	-	(325,749)
Effect of foreign exchange currency difference	-	58,758
Balance, December 31, 2020	96,211,544	869,546
<b>Mark-to-market loss on value of shares recorded in the consolidated statement of loss</b>	-	<b>(206,011)</b>
<b>Effect of foreign exchange currency difference</b>	-	<b>9,464</b>
<b>Reverse stock split 20:1</b>	<b>(91,400,967)</b>	-
<b>Balance, March 31, 2021</b>	<b>4,810,577</b>	<b>672,999</b>

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

On January 11, 2021, Bluelake Mineral completed a reverse stock split merging 20 existing shares into one new share. Following this reverse stock split, the Company holds 4,810,577 shares of Bluelake Mineral.

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in United States Dollars)

## 6. 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 weighted average trading price of the Company’s common shares over the five trading days immediately preceding the date of the consolidated statement of financial position.

The following transactions occurred during the periods noted below:

Number of DSUs outstanding, December 31, 2019		<b>7,036,259</b>
Paid out		(1,563,333)
Forfeited		(31,667)
Number of DSUs outstanding, December 31, 2020 and March 31, 2021		<b>5,441,259</b>
	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
DSU Liability	<b>\$ 1,345,989</b>	<b>\$ 1,339,766</b>

In April 2019, 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.

As at March 31, 2021, 4,732,926 of the outstanding DSUs had vested.

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in United States Dollars)

## 7. Share capital

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

	Number of common shares	Stated value
Balance, December 31, 2019	100,407,027	\$ 219,767,486
Common shares issued in private placement (i)	11,379,000	2,504,040
Common shares issued in bought deal (ii)	57,235,384	13,656,209
Share issuance costs (i), (ii)	-	(1,812,274)
Option exercise	200,000	41,070
Value allocation on option exercise	-	27,315
Warrant exercise	529,103	218,392
Value allocation on warrant exercise	-	53,983
Balance, December 31, 2020	169,750,514	\$ 234,456,221
Option exercise	<b>1,500,000</b>	<b>393,046</b>
Value allocation on option exercise	-	<b>110,004</b>
<b>Balance, March 31, 2021</b>	<b>171,250,514</b>	<b>\$ 234,959,271</b>

(i) On January 30, 2020, the Company closed a non-brokered private placement financing of 11,379,000 shares at a price of CAD\$0.29 per share for gross proceeds of \$2,504,040 (CAD\$3,300,000). The Company paid commissions and other expenses of \$19,547 (CAD\$25,888) in relation to this private placement.

(ii) On June 5, 2020, the Company closed a bought deal prospectus offering of 57,235,384 units at a price of CAD\$0.39 per unit for gross proceeds of \$16,623,044 (CAD\$22,321,780). Each unit was comprised of one common share and one half of one common share purchase warrant. The warrants were valued at \$2,966,835 (CAD\$3,983,933). Each whole warrant is exercisable to acquire one common share at a price of CAD\$0.55 for a period of three years from the grant date. The Company granted 4,006,477 broker warrants to the underwriters of the offering. The broker warrants have an exercise price of CAD\$0.39 and are exercisable for a period of two years from the grant date. The Company paid cash commissions and other expenses of \$1,456,770 (CAD\$1,958,208) in relation to this offering.

- (c) Stock options

	Number of options	Weighted average exercise price (CAD)
Balance, December 31, 2019	8,585,329	\$ 0.73
Granted	5,950,000	0.37
Exercised	(200,000)	0.28
Expired	(1,707,904)	1.22
Balance, December 31, 2020	12,627,425	\$ 0.55
Exercised	<b>(1,500,000)</b>	<b>0.33</b>
<b>Balance, March 31, 2021</b>	<b>11,127,425</b>	<b>\$ 0.58</b>

# EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements  
For the three months ended March 31, 2021 and 2020  
(Expressed in United States Dollars)

## 7. Share capital (continued)

As at March 31, 2021, 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
2,022,160	2,022,160	\$ 1,924,668	\$ 1.36	June 13, 2021	0.20
275,265	275,265	211,634	1.36	September 30, 2021	0.50
500,000	500,000	105,130	0.46	March 28, 2024	2.99
430,000	430,000	124,540	0.73	April 5, 2024	3.02
1,650,000	1,650,000	225,352	0.28	October 15, 2024	3.55
300,000	300,000	50,815	0.33	November 7, 2024	3.61
1,000,000	1,000,000	149,374	0.30	January 6, 2025	3.77
4,950,000	4,950,000	677,995	0.39	June 30, 2025	4.25
11,127,425	11,127,425	\$ 3,469,508			3.15

During the three months ended March 31, 2021, the Company did not grant any stock options (1,000,000 stock options granted for the three months ended March 31, 2020) and \$1,833 option vesting was recorded (\$149,374 for the three months ended March 31, 2020).

The grant-date fair value of options granted on January 6, 2020 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 83% based on the Company's historical volatility, weighted average risk-free interest rate of 1.58%, share price of CAD\$0.30 and a weighted average expected life of 5 years. The grant-date fair value of the January 6, 2020 options was CAD\$0.19 per option. These options vested immediately on the date of grant.

The grant-date fair value of options granted on June 30, 2020 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 83% based on the Company's historical volatility, weighted average risk-free interest rate of 0.36%, share price of CAD\$0.30 and a weighted average expected life of 5 years. The grant-date fair value of the January 6, 2020 options was CAD\$0.18 per option. Half of these options vested immediately on the date of grant, with the second half vesting on January 1, 2021.

The share price was \$0.34 on the date the options were exercised.

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## 7. Share capital (continued)

(d) Common share purchase warrants

	Number of warrants	Weighted average exercise price (CAD)
Balance, December 31, 2019	18,583,700	\$ 0.46
Warrants issued in bought deal	28,617,692	0.55
Broker warrants	4,006,477	0.39
Exercised	(529,103)	0.55
Balance, December 31, 2020	50,678,766	\$ 0.50
Expired	(4,300,000)	0.50
<b>Balance, March 31, 2021</b>	<b>46,378,766</b>	<b>\$ 0.50</b>

At March 31, 2021, 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
8,610,000	\$ 581,186	\$ 0.47	July 4, 2021
590,947	39,416	0.47	July 4, 2021
4,000,000	200,928	0.40	December 2, 2021
14,000	579	0.40	December 2, 2021
1,050,000	53,710	0.40	December 12, 2021
28,107,342	2,913,926	0.55	June 5, 2023
4,006,477	335,955	0.39	June 5, 2022
<b>46,378,766</b>	<b>\$ 4,125,700</b>	<b>\$ 0.50</b>	

On June 5, 2020, the Company issued 28,617,692 warrants as part of a bought deal offering which entitles the holder to purchase one common share of the Company at an exercise price of CAD\$0.55 until June 5, 2023. The fair value of these warrants of \$0.14 was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 88% based on the Company's historical volatility, share price of CAD\$0.32, risk-free rate of 0.34%, and expected life of three years.

On June 5, 2020, the Company issued 4,006,477 broker warrants as part of a bought deal offering which entitles the holder to purchase one common share of the Company at an exercise price of CAD\$0.39 until June 5, 2022. The fair value of these warrants of \$0.11 was estimated using the Black-Scholes option pricing model using the following assumptions: expected dividend yield of 0%, expected volatility of 92% based on the Company's historical volatility, share price of CAD\$0.32, risk-free rate of 0.34%, and expected life of two years.

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## 8. Exploration and evaluation expenditures

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Consulting and technical	\$ 372,601	\$ 552,682
Feasibility study	773,555	-
Surface rights	83,960	9,938
Environmental studies	232,430	42,160
Other exploration costs	120,071	7,376
Metallurgical testing	31,884	-
Field office support and administration	101,669	82,848
Professional fees	20,058	32,950
Travel	33,171	31,027
Licence fees	61,539	227,889
	<b>\$ 1,830,938</b>	<b>\$ 986,870</b>

The Company owns 100% of the Rovina Valley Project in Romania; mining license number 18174/2015 which is held through its subsidiary SAMAX Romania S.R.L. The license was ratified by the Romanian Government on November 16, 2018 and is valid for 20 years, with the right of extension for successive periods of 5 years each. The project carries a 6% (gold) and 5% (copper) net smelter return "NSR" royalty payable to the Romanian state once in production. As at March 31, 2021, the Company has only one material segment for financial reporting purposes, which is the development of its Romanian mining permit.

## 9. Related party transactions

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

Key management personnel compensation:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Directors and officers compensation	\$ 226,698	\$ 344,115
Share-based payments	14,242	259,259
	<b>\$ 240,940</b>	<b>\$ 603,374</b>

As at March 31, 2021, the Company had \$8,669 (December 31, 2020 - \$77,417) in accounts payable owing to various officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand.

See Notes 6, 7, and 10.



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## 10. Commitments and contingencies

### (a) Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$3.3 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 \$2.2 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.

### (c) Novel Coronavirus

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. To date, the pandemic has not had a significant impact on the Company's operations or ability to finance its operations. The Company has undertaken work to complete a definitive feasibility study and this work has continued throughout 2020 and in the first three months of 2021 without issue or impact from the pandemic.

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### 11. 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, 2021 and December 31, 2020, 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 December 31, 2019	\$	260,675
Interest expense		19,743
Lease payments		(117,505)
Effect of foreign exchange currency difference		24,656
<b>Lease liability as at December 31, 2020</b>	<b>\$</b>	<b>187,569</b>
Interest expense		3,498
Lease payments		(28,641)
Effect of foreign exchange currency difference		(8,291)
<b>Lease liability as at March 31, 2021</b>	<b>\$</b>	<b>154,135</b>

	<b>March 31, 2021</b>	December 31, 2020
Current lease liability	\$ 106,429	\$ 108,513
Non-current lease liability	47,706	79,056
	<b>\$ 154,135</b>	<b>\$ 187,569</b>

Future undiscounted minimum lease payments for this lease agreement are as follows:

	<b>March 31, 2021</b>	December 31, 2020
Within one year	\$ 110,108	\$ 110,728
After one year but not more than five years	55,055	83,046
More than five years	-	-
	<b>\$ 165,163</b>	<b>\$ 193,774</b>