



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022**

(Expressed in United States Dollars)

(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, the financial statements must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

EURO SUN MINING INC.

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

As at:	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 17,660	\$ 912,666
Restricted deposits	18,473	-
Prepaid expenses and sundry receivables (Note 10)	258,094	267,679
Total current assets	\$ 294,227	\$ 1,180,345
Non-current assets		
Property, plant and equipment (Note 3)	297,241	309,169
Total assets	\$ 591,468	\$ 1,489,514
Liabilities		
Current liabilities		
Trade and other payables (Note 4 and Note 8)	\$ 2,746,941	\$ 3,121,777
Deferred share unit liability (Note 6 (b))	23,664	48,417
Convertible Security (Note 10)	2,309,569	2,492,978
Total liabilities	\$ 5,080,174	\$ 5,663,172
(Deficiency) equity attributable to shareholders		
Share capital (Note 6 (b))	\$ 240,413,549	\$ 239,495,678
Contributed surplus (Note 6 (c))	1,806,411	1,782,371
Warrants (Note 6 (d))	4,379,259	4,379,259
Accumulated deficit	(251,257,521)	(250,017,006)
Accumulated other comprehensive loss	169,596	186,040
Total shareholders' deficiency	\$ (4,488,706)	\$ (4,173,658)
Total liabilities and shareholders' deficiency	\$ 591,468	\$ 1,489,514

Nature of operations and going concern (Note 1)
Commitments and contingencies (Notes 7, 9 and 10)
Subsequent event (Note 11)

Approved by the Board of Directors on May 11, 2023:

"Grant Sboros", Director

"Deborah Battiston", 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, 2023	Three months ended March 31, 2022
Expenses		
Consulting and management fees (Note 8)	\$ 140,382	\$ 246,992
Professional fees	26,014	97,019
General office expenses	17,018	18,550
Travel expenses	10,743	143
Shareholder communications and filing fees	37,002	46,167
Share-based compensation (Note 6 (b), 6 (c) and 8)	379,569	(36,941)
Exploration and evaluation expenditures (Note 7)	651,281	1,140,262
Change in fair value of Convertible Security (Note 10)	119,252	(130,200)
Loss on foreign exchange	52,119	60,018
Interest income	(1,394)	(13)
Interest expense	-	25,316
Loss on asset disposal (Note 3)	-	179,582
Financing fees (Note 10)	-	968,139
Loss on convertible debenture (Note 10)	60,956	-
Net loss for the period	\$ (1,492,942)	\$ (2,615,034)
Other comprehensive (loss) income		
Items that will subsequently be reclassified to operations:		
Currency exchange translation adjustments	(16,444)	(40,471)
Other comprehensive income (loss) for the period	\$ (16,444)	\$ (40,471)
Net comprehensive loss for the period	\$ (1,509,386)	\$ (2,655,505)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	252,109,718	175,089,420

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' deficiency (Expressed in United States dollars)

	Share capital	Warrants	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Shareholders' deficiency
Balance, December 31, 2021	\$ 236,340,375	\$ 3,249,883	\$ 1,506,187	\$ (242,893,329)	\$ (96,811)	\$ (1,893,695)
DSUs issued (Note 6 (b))	-	-	59,232	-	-	59,232
Security conversion (Note 6 (b))	119,198	-	-	-	-	119,198
Share issuance costs (Note 6 (b))	(17,468)	-	-	-	-	(17,468)
Warrants issued (Note 6 (d))	-	819,349	-	-	-	819,349
Net loss and comprehensive loss	-	-	-	(2,615,034)	(40,471)	(2,655,505)
Balance, March 31, 2022	\$ 236,442,105	\$ 4,069,232	\$ 1,565,419	\$ (245,508,363)	\$ (137,282)	\$ (3,568,889)
Balance, December 31, 2022	\$ 239,495,678	\$ 4,379,259	\$ 1,782,371	\$ (250,017,006)	\$ 186,040	\$ (4,173,658)
DSUs issued (Note 6 (b))	-	-	307,195	-	-	307,195
DSUs converted (Note 6 (b))	-	-	-	-	-	-
Stock options granted (Note 6 (c))	-	-	134,011	-	-	134,011
Stock option expiry (Note 6 (c))	-	-	(252,427)	252,427	-	-
Security conversion (Note 6 (b))	363,415	-	-	-	-	363,415
Termination settlement (Note 6 (b))	389,717	-	-	-	-	389,717
RSU Issuance (Note 6 (b))	164,739	-	(164,739)	-	-	-
Net loss and comprehensive loss	-	-	-	(1,492,942)	(16,444)	(1,509,386)
Balance, March 31, 2023	\$ 240,413,549	\$ 4,379,259	\$ 1,806,411	\$ (251,257,521)	\$ 169,596	\$ (4,488,706)

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, 2023	Three months ended March 31, 2022
Cash flows from operating activities		
Loss and comprehensive loss for the period	\$ (1,492,942)	\$ (2,615,034)
Adjustment for:		
Depreciation (Note 3)	8,479	62,882
Change in fair value of Convertible Security (Note 10)	(119,252)	(151,047)
Interest income	(1,394)	(13)
Share-based compensation (Note 6 (b) and Note 6 (c))	379,569	(36,941)
Loss on asset disposal (Note 3)	3,449	179,582
Loss on convertible debenture (Note 9)	60,956	-
Non-cash termination settlement	389,717	-
Non-cash financing fees (Note 10)	-	968,139
	\$ (771,418)	\$ (1,592,432)
Prepaid expenses, sundry receivables and restricted deposits	9,585	(92,651)
Trade and other payables (Note 4 and Note 8)	(337,952)	(86,609)
Net cash used in operating activities	\$ (1,099,785)	\$ (1,771,692)
Cash flows from investing activities		
Interest income	1,394	13
Acquisition of property, plant and equipment (Note 3)	-	(36,172)
Net cash used in investing activities	\$ 1,394	\$ (36,159)
Cash flows from financing activities		
Payment portion of current lease liability	-	(22,772)
Proceeds of convertible debenture	-	3,298,257
Prepaid interest on Convertible Security (Note 10)	-	(550,834)
Convertible Security fees (Note 10)	-	(148,790)
Share issuance costs	-	(17,468)
Cash provided by financing activities	\$ -	\$ 2,558,393
Effect of exchange rate changes on cash and cash equivalents	\$ 203,386	\$ 337,360
NET CHANGE IN CASH AND CASH EQUIVALENTS	(895,006)	1,087,902
CASH AND CASH EQUIVALENTS, beginning of period	\$ 912,666	\$ 182,085
CASH AND CASH EQUIVALENTS, end of period	\$ 17,660	\$ 1,269,987
Supplemental cash flow information:		
Non-cash payment portion of current lease liability	\$ -	\$ 76,585
Warrants issued (Note 10)	-	819,349
Cash and cash equivalents are comprised of:		
Cash in bank	\$ 17,660	\$ 1,269,987
Short-term money market instruments	-	-
	\$ 17,660	\$ 1,269,987

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 years ended March 31, 2023 and 2022
(Expressed in United States Dollars)

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 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, 2023, the Company incurred a net loss of \$1,492,942 and as at March 31, 2023, reported an accumulated deficit of \$251,257,521 and negative working capital of \$4,758,947 including \$17,660 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 condensed consolidated interim 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, any permitting required for mining activities, including environmental, 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 years ended March 31, 2023 and 2022
(Expressed in United States Dollars)

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, 2022.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 11, 2023.

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, 2023 and December 31, 2022:

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

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three years ended March 31, 2023 and 2022
(Expressed in United States Dollars)

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, 2022 with the exception of the new policy below and the following amended policies.

Amended accounting standards

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. This amendment was adopted by the Company on January 1, 2023 and did not have a material impact on the Company's financial statements.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. This amendment was adopted by the Company on January 1, 2023 and did not have a material impact on the Company's financial statements.

IAS 8 – Accounting policies, changes in accounting estimates and errors ("IAS 8") was amended in February 2021. the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023. This amendment was adopted by the Company on January 1, 2023 and did not have a material impact on the Company's financial statements.

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, 2024. These standards are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three years ended March 31, 2023 and 2022
(Expressed in United States Dollars)

3. Property, plant and equipment

	Leasehold improvements, furniture and fixtures	Machinery, equipment & vehicles	Right of use asset	Total
Cost:				
Balance, December 31, 2021	\$ 715,637	\$ 291,994	\$ 633,742	\$ 1,641,373
Additions	6,806	2,513	-	9,319
Disposals	(393,188)	-	(633,742)	(1,026,930)
Balance, December 31, 2022	\$ 329,255	\$ 294,507	\$ -	\$ 623,762
Additions	-	-	-	-
Disposals	(28,768)	-	-	(28,768)
Balance, March 31, 2023	\$ 300,487	\$ 294,507	\$ -	\$ 594,994
Depreciation:				
At December 31, 2021	\$ 303,788	\$ 192,118	\$ 334,427	\$ 830,333
Depreciation charge for the year	46,306	46,340	123,565	216,211
Disposals	(273,959)	-	(457,992)	(731,951)
Balance, December 31, 2022	\$ 76,135	\$ 238,458	\$ -	\$ 314,593
Depreciation charge for the period	1,453	7,026	-	8,479
Disposals	(25,319)	-	-	(25,319)
Balance, March 31, 2023	\$ 52,269	\$ 245,484	\$ -	\$ 297,753
Net book value:				
At December 31, 2022	\$ 253,120	\$ 56,049	\$ -	\$ 309,169
At March 31, 2023	\$ 248,218	\$ 49,023	\$ -	\$ 297,241

As at March 31, 2023, the carrying value of property, plant and equipment is comprised of \$nil in Canada (December 31, 2022 – \$nil) and \$297,241 in Romania (December 31, 2022 - \$309,169).

In March 2022, the Company vacated its office in Bucharest, Romania. As a result of the Company terminating its lease, the Company disposed of the right-of-use asset and leasehold improvements associated with the Bucharest office.

In November 2022, the Company vacated its office in Brad, Romania. As a result of the Company terminating its lease, the Company disposed of the right-of-use asset and leasehold improvements associated with the Bucharest office.

In November 2022, the Company terminated its car leases in Romania. As a result of the Company terminating its lease, the Company disposed of the right-of-use asset associated with these leases.

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three years ended March 31, 2023 and 2022
(Expressed in United States Dollars)

4. Trade and other payables

	March 31, 2023	December 31, 2022
Trade payables	\$ 1,773,395	\$ 1,662,470
Accrued liabilities	973,546	1,459,307
	\$ 2,746,941	\$ 3,121,777

5. Deferred share units and restricted 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"). Prior to June 2021, a DSU issued was 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. DSUs that will be settled in cash are recorded as a DSU liability on the condensed consolidated interim statement of financial position and the 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 condensed consolidated interim statement of financial position.

In June 2021, the Company approved a change to the DSU plan such that each DSU will provide the right to receive, on a deferred payment basis, a common share or cash equivalent of a common share in an amount equal to the fair market value of the common share at the applicable payment date at the discretion of the Board of Directors. As the Company expects to settle any such DSUs using common shares of the Company, any DSUs issued after June 2021, are recorded in contributed surplus on the condensed consolidated interim statement of financial position.

In June 2021, the Company approved a Restricted Share Unit ("RSU") plan, such that every RSU will provide the right to receive a common share or cash equivalent of a common share in an amount equal to the fair market value of the common share at the applicable payment date at the discretion of the Board of Directors. As the Company expects to settle any such RSUs using common shares of the Company, any RSUs issued are recorded in contributed surplus on the condensed consolidated interim statement of financial position. RSUs are settled on or before December 15 of the third calendar year following the calendar year in which the RSU is granted.

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three years ended March 31, 2023 and 2022
(Expressed in United States Dollars)

5. Deferred share units and restricted share units (continued)

The following transactions occurred during the periods noted below:

	DSUs Pre June 2021 Plan	DSUs Post June 2021 Plan	RSUs	Total
Number outstanding, December 31, 2021	3,566,259	919,110	-	4,485,369
Granted	-	1,916,660	2,236,840	4,153,500
Cancelled	(2,566,668)	-	(657,894)	(3,224,562)
Paid out	(133,332)	-	-	(133,332)
Converted to shares	-	(1,084,146)	-	(1,084,146)
Number outstanding, December 31, 2022	866,259	1,751,624	1,578,946	4,196,829
Paid out	(116,259)	-	-	(116,259)
Converted to shares	-	-	(1,184,210)	(1,184,210)
Granted	-	6,638,886	-	6,638,886
Number outstanding, March 31, 2023	750,000	8,390,510	394,736	9,535,246
			March 31, 2023	December 31, 2022
DSU Liability			\$ 23,664	\$ 48,417

In January 2023, 888,886 DSUs were granted and in February 2023, 5,750,000 DSUs were granted, with all DSUs vesting immediately.

As at March 31, 2023, 3,390,510 of the total outstanding DSUs had vested (December 31, 2022 – 2,167,883). As at March 31, 2023, 394,736 of the total outstanding RSUs had vested (December 31, 2022 – 1,578,946).

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

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three years ended March 31, 2023 and 2022
(Expressed in United States Dollars)

6. Share capital (continued)

	Number of common shares	Stated value
Balance, December 31, 2021	174,895,514	\$ 236,340,375
Debenture conversion	22,315,398	1,440,520
Private placement	44,290,000	1,639,037
Share issuance costs	-	(73,112)
DSU conversion	1,084,146	148,858
Balance, December 31, 2022	242,585,058	\$ 239,495,678
Debenture conversion	9,278,373	363,415
Termination settlement	8,000,000	389,717
RSU issuance	1,184,210	164,739
Balance, March 31, 2023	261,047,641	\$ 240,413,549

During the three months ended March 31, 2023, the Company issued 9,278,373 shares as settlement for a portion of the Convertible Security (Note 10).

On November 30, 2022, the Company closed the first tranche of its non-brokered private placement financing issuing 41,790,000 common shares at \$0.05 per common share for gross proceeds of \$1,546,861 (CAD\$2,089,500).

On December 14, 2022, the Company closed the second tranche of its non-brokered private placement financing issuing 2,500,000 common shares at \$0.05 per common share for gross proceeds of \$92,176 (CAD\$125,000).

In February 2023, the Company issued 8,000,000 common shares in satisfaction of termination agreements with former members of senior management of the Company, as well as 1,184,210 common shares in satisfaction of RSUs outstanding with a terminated member of management.

(c) Stock options

	Number of options	Weighted average exercise price (CAD)
Balance, December 31, 2021 and December 31, 2022	8,385,000	\$ 0.38
Granted	5,300,000	0.05
Expired	(1,565,000)	0.43
Balance, March 31, 2023	12,120,000	\$ 0.23

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three years ended March 31, 2023 and 2022
(Expressed in United States Dollars)

6. Share capital (continued)

(c) Stock options (continued)

As at March 31, 2023, 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
500,000	500,000	\$ 105,130	\$ 0.46	March 28, 2024	0.99
145,000	145,000	41,511	\$ 0.73	April 5, 2024	1.02
1,025,000	1,025,000	139,993	\$ 0.28	October 15, 2024	1.55
300,000	300,000	50,815	\$ 0.33	November 7, 2024	1.61
1,000,000	1,000,000	149,374	\$ 0.30	January 6, 2025	1.77
3,850,000	3,850,000	530,084	\$ 0.39	June 30, 2025	2.25
5,300,000	5,300,000	134,010	\$ 0.05	February 17, 2028	4.89
12,120,000	12,120,000	\$ 1,150,917			3.22

During the three months ended March 31, 2023, the Company granted 5,300,000 stock options (no stock options granted for the three months ended March 31, 2022) and \$134,011 option vesting expense was recorded (\$nil for the three months ended March 31, 2022).

Contributed surplus

	Number of stock options	Weighted average exercise price CAD	Carrying amount of options	Number of DSUs/ RSUs	Weighted average exercise price CAD	Carrying amount of DSUs/ RSUs	Total carrying amount
Balance, December 31, 2021	8,385,000	\$ 0.38	\$ 1,269,334	919,110	\$ 0.26	\$ 236,853	\$ 1,506,187
Granted / vested	-	-	-	4,153,500	0.13	525,042	525,042
Converted to shares	-	-	-	(1,084,146)	-	(148,858)	(148,858)
Forfeited	-	-	-	(657,894)	-	(100,000)	(100,000)
Balance, December 31, 2022	8,385,000	\$ 0.38	\$ 1,269,334	3,330,570	\$ 0.13	\$ 513,037	\$ 1,782,371
Granted / Vested	5,300,000	0.05	134,011	6,638,886	(0.06)	307,195	441,206
Converted to shares	-	-	-	(1,184,210)	0.19	(164,739)	(164,739)
Expired	(1,565,000)	0.43	(252,427)	-	-	-	(252,427)
Balance, March 31, 2023	12,120,000	\$ 0.23	\$ 1,150,918	8,785,246	\$ (0.10)	\$ 655,493	\$ 1,806,411

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
For the three years ended March 31, 2023 and 2022
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6. Share capital (continued)

(d) Common share purchase warrants

	Number of warrants	Weighted average exercise price (CAD)
Balance, December 31, 2021	32,113,819	\$ 0.53
Issued	20,659,185	0.29
Expired	(4,006,477)	0.55
Balance, December 31, 2022 and March 31, 2023	48,766,527	\$ 0.40

At March 31, 2023, 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
28,107,342	\$ 2,913,926	\$ 0.55	June 5, 2023
7,947,321	819,349	\$ 0.29	March 1, 2026
12,711,864	645,984	\$ 0.14	July 18, 2026
48,766,527	\$ 4,379,259	\$ 0.40	

On February 18, 2022, the Company issued 7,947,321 warrants in association with the Convertible Security issued (Note 10). The warrants entitle the holder to purchase one common share of the Company at an exercise price of CAD\$0.29 until February 18, 2026. The fair value of these warrants of CAD\$0.13 was estimated using the Geometric Brownian motion method using the following assumptions: expected volatility of 80.29% based on the Company's historical volatility, share price of CAD\$0.24, risk-free rate of 1.66% and expected life of four years.

On July 18, 2022, the Company issued 12,711,864 warrants in association with the Convertible Security issued (Note 10). The warrants entitle the holder to purchase one common share of the Company at an exercise price of CAD\$0.1357 until July 18, 2026. The fair value of these warrants of CAD\$0.066 was estimated using the Geometric Brownian motion method using the following assumptions: expected volatility of 80.98% based on the Company's historical volatility, share price of CAD\$0.115, risk-free rate of 3.21% and expected life of four years.

EURO SUN MINING INC.

Notes to condensed consolidated interim financial statements
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(Expressed in United States Dollars)

7. Exploration and evaluation expenditures

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

	Three months ended March 31, 2023	Three months ended March 31, 2022
Consulting and technical	\$ 450,514	\$ 499,853
Feasibility study	-	90,029
Surface rights	-	84,802
Environmental studies	53,397	279,169
Field office support and administration	138,891	123,059
Depreciation	8,479	63,350
	\$ 651,281	\$ 1,140,262

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, 2023, the Company has only one material segment for financial reporting purposes, which is the development of its Romanian mining permit.

In late 2022, SAMAX Romania SRL, a wholly owned subsidiary of the Company, received a notice of action from the Cluj County court regarding an action made by Asociatia Declic against SAMAX Romania S.R.L. for the suspension of the environmental licence held by SAMAX Romania S.R.L. with respect to the Rovina Valley project, followed by an action for annulment in respect of the same environmental licence.

The Cluj County court dismissed the grounds for suspension of the environmental licence. However, on appeal, the Cluj Court of Appeals overturned this verdict and admitted the suspension thereof. The Company expects to file evidence with the Cluj County court to respond to the action for annulment of the environmental licence. The outcome of the environmental license matter and impact on the development of the Rovina Valley project are uncertain.

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8. Related party transactions

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

Key management personnel compensation:

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

As at March 31, 2023, the Company had \$320,601 (December 31, 2022 - \$915,427) in accounts payable owing to various current and former officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand.

See Notes 5, 6, 9, and 11.

9. Commitments and contingencies

(a) Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately \$567,000 upon the occurrence of a change of control of the Company, as defined by each officer's respective consulting agreement. The Company is also committed to payments upon termination of approximately \$460,000 pursuant to the terms of these contracts. 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.

See Note 7 related to ongoing matters related to the environmental license.

(a) Legal

The Company is subject to various claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations or liquidity.

A former contractor of the Company has initiated a legal action seeking approximately \$363,000 in relation to the termination of the contract, of which the Company has accrued \$38,000 at March 31, 2023. The Company does not believe the additional termination amounts are due to the former contractor and the Company intends to defend the matter vigorously as it believes the former contractor's claim is without merit.

(b) Going concern

See Note 1.

(c) Title to mining license

See Notes 1 and 7.

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10. Convertible security

At March 31, 2023, the fair value of the First Tranche was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 111.09% based on historical volatility of the Company's common shares, risk-free rate of 3.78%, share price on valuation date of CAD\$0.045 and expected life of 0.89 years.

At March 31, 2023, the fair value of the Second Tranche was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 102.62% based on historical volatility of the Company's common shares, risk-free rate of 3.78%, share price on valuation date of CAD\$0.045 and expected life of 1.27 years.

Convertible Note		Tranche #1		Tranche #2		Total
Issued at fair value	\$	3,283,513	\$	1,202,336	\$	4,485,849
Early conversions		(1,137,339)		(303,181)		(1,440,520)
Loss (gain) on fair value adjustment		67,663		(56,381)		11,282
Effect of foreign exchange currency difference		(338,633)		59,062		(279,571)
Balance at December 31, 2022	\$	1,875,204	\$	901,836	\$	2,777,040
Early conversions		(259,390)		(104,025)		(363,415)
Loss (gain) on fair value adjustment		(715,220)		595,976		(119,252)
Effect of foreign exchange currency difference		795,288		(556,720)		238,568
Balance at March 31, 2023	\$	1,695,882	\$	837,067	\$	2,532,941
Unrecognized Day 1 Loss						
Unrecognized loss deferred at issuance	\$	(492,667)	\$	(35,202)	\$	(527,869)
Recognized loss during the year		205,465		8,380		213,845
Effect of foreign exchange currency difference		28,490		1,472		29,962
Balance at December 31, 2022	\$	(258,712)	\$	(25,350)	\$	(284,062)
Recognized loss during the period		58,568		2,389		60,956
Effect of foreign exchange currency difference		(3,294)		3,027		(267)
Balance at March 31, 2023	\$	(203,438)	\$	(19,934)	\$	(223,372)
Total balance at December 31, 2022	\$	1,616,492	\$	876,486	\$	2,492,978
Total balance at March 31, 2023		1,492,444		817,133		2,309,569

Subsequent to March 31, 2023, the Company issued 14,133,427 shares on conversion of a portion of the outstanding convertible security.

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11. Subsequent events

Private placement

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

Share-based compensation

Subsequent to March 31, 2023, the Company granted 3,710,000 stock options with an exercise price of \$0.06 and with an expiry date of April 11, 2028, all of which vested immediately.

The Company also granted 4,025,000 DSUs and 2,100,000 RSUs of the Company, all of which vested immediately.