EUROSUN MINING

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(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:		**June 30, 2018**		December 31, 2017
Assets				
Current assets				
Cash and cash equivalents	**$**	**1,062,036**	$	5,906,115
Restricted deposits		**22,783**		23,914
Prepaid expenses and sundry receivables		**461,664**		220,518
Note receivable (Note 4)		**455,650**		-
Total current assets	**$**	**2,002,133**	$	6,150,547
Non-current assets				
Property, plant and equipment (Note 3)		**472,452**		254,885
Investment in associate (Note 4)		**815,245**		458,342
Deposits (Note 9)		**76,585**		76,585
Total assets	**$**	**3,366,415**	$	6,940,359
Liabilities				
Current liabilities				
Trade and other payables	**$**	**291,299**	$	594,762
Deferred share unit liability (Note 5)		**1,567,496**		37,546
Total current liabilities	**$**	**1,858,795**	$	632,308
Equity attributable to shareholders				
Share capital (Note 6)		**210,605,103**		210,605,103
Warrants		**2,650,549**		2,650,549
Contributed surplus		**4,427,777**		4,427,777
Accumulated deficit		**(215,846,435)**		(210,883,385)
Accumulated other comprehensive loss		**(329,374)**		(491,993)
Total shareholders' equity	**$**	**1,507,620**	$	6,308,051
Total liabilities and shareholders' equity	**$**	**3,366,415**	$	6,940,359

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 9)

Approved by the Board of Directors on August 14, 2018:

“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 June 30, 2018	Three months ended June 30, 2017	**Six months ended June 30, 2018**	Six months ended June 30, 2017
Expenses				
Consulting and management fees	**297,609**	295,807	**$ 624,201**	$ 612,974
Professional fees	**34,557**	19,266	**63,965**	33,807
General office expenses	**63,964**	68,996	**134,581**	152,519
Travel expenses	**138,164**	65,038	**247,598**	183,912
Shareholder communications and filing fees	**57,151**	18,298	**77,129**	45,249
Loss from investment in associate (Note 4)	**67,369**	-	**79,396**	-
Share-based compensation (Note 5)	**(610,156)**	13,417	**1,578,101**	14,968
Exploration and evaluation expenditures (Note 7)	**866,779**	680,421	**1,867,033**	1,218,725
Loss (gain) on foreign exchange	**97,891**	(208,098)	**292,290**	(267,099)
Interest income	**(673)**	(6,461)	**(1,244)**	(15,777)
Legal settlements	**-**	76,930	**-**	151,522
Net loss for the period	**$ (1,012,655)**	$(1,023,614)	**$ (4,963,050)**	$ (2,130,800)
Other comprehensive gain (loss)				
Cumulative translation adjustments	**48,539**	(169,411)	**162,619**	(192,529)
Other comprehensive gain (loss) for the period	**$ 48,539**	$ (169,411)	**$ 162,619**	$ (192,529)
Net loss and comprehensive loss for the period	**$ (964,116)**	$(1,193,025)	**$ (4,800,431)**	$ (2,323,329)
Basic and diluted loss per share	**$ (0.02)**	$ (0.02)	**$ (0.08)**	$ (0.04)
Weighted average number of common shares outstanding - basic and diluted	**57,575,461**	50,001,170	**57,575,461**	50,001,170

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, 2016	$ 202,320,836	$ 2,627,351	$ 4,679,005	$ (204,890,732)	$ 148,340	$ 4,884,800
Net loss and comprehensive loss	-	-	-	(2,130,800)	(192,529)	(2,323,329)
Balance, June 30, 2017	$ 202,320,836	$ 2,627,351	$ 4,679,005	$ (207,021,532)	$ (44,189)	$ 2,561,471
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	-	-	-	(4,963,050)	162,619	(4,800,431)
Balance, June 30, 2018	$ 210,605,103	$ 2,650,549	$ 4,427,777	$ (215,846,435)	$ (329,374)	$ 1,507,620

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)

	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows from operating activities		
Loss and comprehensive loss for the period	**$ (4,800,431)**	$ (2,323,329)
Adjustment for:		
Depreciation and amortization (Note 3)	**40,415**	3,244
Interest income	**(1,244)**	(15,777)
Loss from investment in associate (Note 4)	**79,396**	-
Deferred share units (Note 5)	**1,578,101**	14,968
	$ (3,103,763)	$ (2,320,894)
Prepaid expenses, sundry receivables and restricted deposits	**(241,146)**	12,033
Trade and other payables	**(303,463)**	(510,450)
Net cash used in operating activities	**$ (3,648,372)**	$ (2,819,311)
Cash flows from investing activities		
Interest income	**1,244**	15,777
Acquisition of property, plant and equipment (Note 3)	**(257,982)**	-
Investment in associate (Note 4)	**(476,340)**	-
Issuance of note receivable (Note 4)	**(455,650)**	-
Net cash (used in) provided by investing activities	**$ (1,188,728)**	$ 15,777
Effect of exchange rate changes on cash and cash equivalents	**$ (6,979)**	$ (774)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(4,844,079)**	(2,804,308)
CASH AND CASH EQUIVALENTS, beginning of period	**$ 5,906,115**	$ 5,511,102
CASH AND CASH EQUIVALENTS, end of period	**$ 1,062,036**	$ 2,706,794

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

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 six months ended June 30, 2018, the Company incurred a net loss of $4,963,050 and as at June 30, 2018, reported an accumulated deficit of $215,846,435 and working capital of $143,338 including $1,062,036 in cash and cash equivalents. The Company has no current source of operating cash flow, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore and develop its property and to cover general and administrative expenses necessary for the maintenance of a public company. The Company's status as a going concern is contingent upon raising the necessary funds through the issuance of equity or debt. Management believes its working capital will be sufficient to support activities for the next twelve months and expects to raise additional funds when required and available.

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.

(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, 2017.

These condensed consolidated interim financial statements were approved by the Board of Directors on August 14, 2018.

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.

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 June 30, 2018:

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

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

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, 2017, except for the adoption of the following new standards and interpretations issued by the IASB that were effective as of January 1, 2018.

IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. There was no impact on the Company's interim financial statements upon adoption of IFRS 2 on January 1, 2018.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB as a complete standard in July 2014 and replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. There was no impact on the Company's interim financial statements upon adoption of IFRS 9.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") replaces IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. There was no impact to the Company's interim financial statements on adoption of IFRS 15.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. There was no impact to the Company's interim financial statements on adoption of IFRIC 22.

(Expressed in United States Dollars)

3. Property, plant and equipment

		Leasehold improvements		Machinery, equipment & vehicles		Total
Cost:						
Balance, December 31, 2016	$	-	$	32,436	$	32,436
Additions		205,988		24,156		230,144
Balance, December 31, 2017	$	205,988	$	56,592	$	262,580
Additions		**216,102**		**41,880**		**257,982**
Balance, June 30, 2018	**$**	**422,090**	**$**	**98,472**	**$**	**520,562**
Depreciation:						
At December 31, 2016	$	-	$	-	$	-
Depreciation charge for the year		-		7,695		7,695
Balance, December 31, 2017	$	-	$	7,695	$	7,695
Depreciation charge for the period		**31,266**		**9,149**		**40,415**
Balance, June 30, 2018	**$**	**31,266**	**$**	**16,844**	**$**	**48,110**
Net book value:						
At December 31, 2017	$	205,988	$	48,897	$	254,885
At June 30, 2018	**$**	**390,824**	**$**	**81,628**	**$**	**472,452**

As at June 30, 2018, the carrying value of property, plant and equipment is comprised of $nil in corporate and other (December 31, 2017 – $nil) and $472,452 in Romania (December 31, 2017 - $254,885).

(Expressed in United States Dollars)

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., increasing its ownership interest in Vilhelmina Minerals Inc. to 35.3%. Vilhelmina Minerals Inc. currently holds a 47.6% ownership interest in Vilhelmina Mineral AB ("Vilhelmina"), a private company located in Sweden, and Mr. Scott Moore, an officer and director of the Company, became 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 six months ended June 30, 2018 were as follows:

Balance, December 31, 2016	$	-
Acquisiton of 600,000 shares at cost		483,420
Proportionate share of net loss		(19,270)
Effect of foreign exchange		(5,808)
Balance, December 31, 2017	$	458,342
Acquisiton of 600,000 shares at cost	$	476,340
Proportionate share of net loss		(79,396)
Effect of foreign exchange		(40,041)
Balance, June 30, 2018	$	815,245

The following is a summary of the consolidated financial information for Vilhelmina Minerals Inc. on a 100% basis as at and for the six months ended June 30, 2018.

As at June 30, 2018		
Cash	$	722,785
Total current assets		751,663
Non-current assets		206,100
Total current liabilities		267,981
For the period ended June 30, 2018		
Loss before items noted below	$	(801,290)
Loss from investment in associate		-
Loss on foreign exchange		11,467
Loss and comprehensive loss	$	(789,823)
Controlling interest		(224,954)
Non-controlling interest		(564,869)

In April 2018, the Company provided an interest free advance to Vilhelmina Minerals Inc. in the amount of CAD$600,000 ($455,650), which is unsecured, non-interest bearing and repayable on demand.

(Expressed in United States Dollars)

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:

		June 30, 2018		December 31, 2017
Number of DSUs outstanding, beginning of period		39,599		39,599
Granted		3,855,000		-
Number of DSUs outstanding, end of period		3,894,599		39,599
Liability, end of period	$	1,567,496	$	37,546
Expense for the period	$	1,578,101	$	15,328

During the period ended June 30, 2018, 3,855,000 DSUs were granted, with one third vesting immediately, one third vesting in one year and one third vesting in two years.

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, 2016	50,001,170	$	202,320,836
Common shares issued in private placements (i)(ii)	7,574,291		8,456,207
Valuation of broker warrants (ii)	-		(23,198)
Transaction costs incurred in private placement (ii)	-		(148,742)
Balance, December 31, 2017 and June 30, 2018	**57,575,461**	**$**	**210,605,103**

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

(ii) On October 10, 2017, the Company closed a brokered private placement financing of 1,430,000 common shares at a price of CAD$1.40 per share for gross proceeds of $1,601,472 (CAD$2,002,000). In connection with the financing, the Company paid cash commissions and other expenses of $148,742 (CAD$187,363) and issued 71,500 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company at a price of CAD$1.43 for a period of one year from the date of issue. The value of the broker warrants was determined to be $23,198 using Black-Scholes valuation model with the following assumptions: exercise price of CAD$1.43, risk-free rate of 1.54%, expected volatility of 74.9% based on the historic volatility of the Company, an expected life of one year and an expected dividend yield of 0%.

(Expressed in United States Dollars)

7. Exploration and evaluation expenditures

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

	Three months ended June 30, 2018	Three months ended June 30, 2017	**Six months ended June 30, 2018**	Six months ended June 30, 2017
Consulting and technical	**$ 494,224**	$ 359,095	**$ 1,032,552**	$ 675,807
Surface rights	**51,200**	51,760	**108,203**	105,839
Environmental studies	**60,969**	65,130	**157,420**	121,251
Other exploration costs	**13,562**	8,104	**130,284**	19,970
Metallurgical testing	**5,315**	57	**100,109**	4,521
Field office support and administration	**155,442**	87,097	**249,578**	158,953
Travel	**86,067**	109,178	**88,887**	132,384
	$ 866,779	$ 680,421	**$ 1,867,033**	$ 1,218,725

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 June 30, 2018, 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 June 30, 2018	Three months ended June 30, 2017	**Six months ended June 30, 2018**	Six months ended June 30, 2017
Directors and officers compensation	**$ 365,900**	$ 357,738	**$ 735,882**	$ 678,929
Share-based payments	**-**	-	**1,259,997**	-
	$ 365,900	$ 357,738	**$ 1,995,879**	$ 678,929

Included in the above amounts is $140,834 ($134,943 for the six months ended June 30, 2017) paid according to a contract for business and operational consulting services with Forbes & Manhattan Inc., a company of which Mr. Stan Bharti is the Executive Chairman, Mr. Matt Simpson is Chief Executive Officer and both of whom are directors of the Company. During the six months ended June 30, 2017, the Company paid fees of $56,694 to Gedwal Management Inc., a company controlled by Mr. Guy Charette, a director of the Company during that period.

As at June 30, 2018, the Company had $15,071 (December 31, 2017 - $34,376) in accounts payable owing to related parties.

(Expressed in United States Dollars)

9. Commitments and contingencies

(a) Lease Commitment (Romania)

On August 29, 2017, the Company entered into a lease agreement for office space in Bucharest, Romania. The monthly rent payable under the terms of the lease is 7,815 Euros ($9,617) plus applicable service charges. The rent payable is subject to an annual increase based on the percentage increase in the Euro Zone Monetary Union Index of Consumer Prices over the prior year assessed annually. Amounts unpaid when due are subject to interest of 0.2% per day from the due date until the date the payment is made. The lease is for fixed term of five years commencing February 2018. As at June 30, 2018, the Company had paid a deposit equivalent to six months rent and services charges of $76,585.

		June 30, 2018	December 31, 2017
Within one year	$	**113,008**	101,025
After one year but not more than five years		**357,858**	440,838
More than five years		**-**	9,184
	$	**470,866**	551,047

(b) Management Contracts

The Company is party to certain management contracts. These contracts require payment of approximately $4.4 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 $2.9 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.

(c) Environmental

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