Interim Report to Shareholders

For the Quarter Ended June 30, 2005

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LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

The second quarter of 2005 has been a very exciting and busy period for Mundoro Mining Inc., wherein the Company reached the important milestone of completing its Pre-feasibility Study ('PFS') on The Maoling Gold Project's Zone 1 deposit in China. We are especially pleased with the low production costs demonstrated in the study and are very encouraged by the fact that Maoling can generate an 18% return from developing just a small portion of the known resources. There are a number of areas in which we can still make significant improvements in the fundamentals of the project, and we continue to systematically enhance the quality and size of the deposit's resources to be considered in the final feasibility study.

The Company's independent consultants AMEC Americas Ltd. completed the pre-feasibility study in June, demonstrating the economic viability of developing a large-scale open-pit mine at Maoling. This resulted in a statement of *Probable Reserves* that is included in the table below, together with the project's remaining *Indicated* and *Inferred Resources*:

Maoling Cumulative Gold Reserves and Resources,
at 0.50 grams gold per tonne (g/t) cut-off grade

	Tonnes (000's)	Grade (Au g/t)	Contained Gold Ounces (000's)
Probable Reserves			
Zone 1	**88,781**	**0.99**	**2,826**
Indicated Resources			
Zone 1	**31,419**	**0.98**	**961**
Inferred Resources			
Zone 1	87,600	0.80	2,261
Zone 4	95,000	0.90	2,797
Total Inferred	**182,600**	**0.86**	**5,059**

Mining operations envisaged in the PFS are from an open-pit at an initial rate of 20,000 tonnes per day expanding to 35,000 tonnes per day after the second year of production. Ore is to be processed by conventional crushing and grinding followed by leaching and carbon-in-pulp (CIP) gold extraction. The processing plant will be constructed to enable a seamless expansion of capacity after the first two production years. The PFS uses a conservative 93% metallurgical recovery rate for Zone 1 ore, producing an average of 328,000 ounces of gold per year. The initial mine-life of approximately eight years is expected to be significantly extended in the final feasibility, as more of the project's *Resources* are converted to *Reserves*.

A blend of Chinese, North American and global costs is used in the PFS for all capital equipment purchases. The procurement, construction, installation and commissioning phases for the 20,000 tonnes per day operation as described in the Study are estimated to cost a total of US$235 million (expressed in 1st quarter 2005 U.S. dollars), including a contingency of US$30.9 million. The plant expansion to 35,000 tonnes per day, together with sustaining capital, requires an additional US$77.7 million in capital expenditures.

The PFS includes a net present value ("NPV") analysis of the project. Cash inflows consist of annual revenue from gold sales based on a US$400 per ounce price, and cash outflows such as capital and operating costs are subtracted from the inflows to arrive at annual cash flow projections. The NPV analysis has been done on a pre-tax project basis, using un-escalated costs and priced in 1st quarter, 2005 US dollars assuming 100% debt financing:

Project Life	8 years
Overall Strip Ratio	1.36:1
Payback Period	4.2 years
Unit Operating Cost	US$ 5.54 per tonne ore
Total Cash Operating Cost	US$ 187 per ounce gold
Total Production Cost	US$ 271 per ounce gold
IRR: Pre-tax	17.7 %
Pre-Tax NPV @ 0%	US$ 244,070,000
Pre-tax NPV @ 5%	US$ 133,414,000

Various trade-off and optimization studies need to be completed on the processing side as well as geotechnical, hydrological and environmental studies for the final feasibility study. The project schedule anticipates commissioning the mill late in 2007.

Significant opportunities for optimizing the project design and economics of the project for the final feasibility study include:

Operating Cost Opportunities
Further research on the cost of consumables from Chinese suppliers could lead to replacement of the global or North American rates used in the PFS with locally priced (therefore lower cost) products. Furthermore, the PFS used Q4/04 costs, a time of high global pricing for all materials, which are expected to ease in the medium term. Research into locating the tailings impoundment area downstream of the mine-site would reduce operating costs compared with the current upstream site. Further metallurgical testing to optimize reagent consumption, metallurgical recoveries and grind size could result in lower processing costs.

Capital Cost Opportunities
The replacement of higher cost capital items with lower cost Chinese equivalents can reduce the capital cost of the project. The identification of a more efficient tailings impoundment site than that envisaged in the Study can also reduce the capital costs. The peak demand for mining equipment as depicted in the PFS could be met by using Chinese contract miners thus reducing the size of the owner operated fleet required.

Reserve Expansion and Exploration Potential Opportunities
The PFS only considered the *Indicated Resource* in Maoling's Zone 1 area as calculated by AMEC in late 2004. In addition, Zone 1 and Zone 4 have an aggregate *Inferred Resource* of 183 million tonnes grading 0.9 grams gold per tonne (5.1 million ounces) using the 0.50 grams gold per tonne cut-off grade. Since these resource estimates were generated the Company has continued its drilling programs to both convert *Inferred* to *Indicated Resource* and to expand the resource base. The Zone 1 mineralized trends remain open to the south and the Zone 4 mineralized trend is open to the southeast and northwest and both zones remain open down-dip. The potential exists to add significantly to the reserve base, and therefore, to the life of the mine.

During the quarter, the Company reported the assay results for 14 holes drilled in Zone 1 at the end of the 2004, together with results for two holes and a sampling program conducted in the Zone 4 area. All drill results completed to date within the resource envelope have been largely in-line with those predicted by the current grade block models. The intersection of mineralization outside the Zone 1 resource envelope has increased the likelihood of including additional ounces in the next resource estimate to be completed later this year. Mundoro re-commenced its diamond-drilling program in April with three drill rigs, working to enhance the Company's knowledge of the Maoling deposit through geotechnical, infill and extension drilling.

Mundoro is in the process of assembling the professional team that will undertake the final feasibility study and prepare the environmental impact assessments required for project permit applications in China. We are also communicating regularly with Chinese government officials as we lay the groundwork for the permitting phase.

For the second consecutive year Mundoro is a gold level sponsor of the China Mining convention in Beijing in November. This is China's major annual mining conference and we are very pleased to have the opportunity to be a high level sponsor of this important event.

During the second quarter, we continued to raise Mundoro's profile in North American investment communities and initiated a communications program in Europe. We have received encouraging feedback from institutional and retail audiences alike and are building a strong foundation for an ongoing appreciation in the value of Mundoro's shares.

The Company is well funded to advance the Maoling Gold Project through the final feasibility stage. During the quarter, the Company received $2.3 million from the exercise of brokers' warrants and stock options for a working capital position of approximately $7.3 million at the end of the quarter.

With the attainment of each milestone, Mundoro establishes itself as an increasingly attractive investment choice. As we execute the Company's aggressive operational and corporate strategies, we look forward to adding further shareholder value.

Colin H. McAleenan
Chairman & CEO
August 11, 2005

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
For the Fiscal Quarter Ended June 30, 2005
August 9, 2005

The following discussion and analysis is to be read in conjunction with the unaudited Consolidated Financial Statements for June 30, 2005 and 2004. Note: all dollar amounts are in Canadian dollars unless otherwise indicated.

DESCRIPTION OF BUSINESS & OVERVIEW

Mundoro Mining Inc. (the "Company"), a BC registered company whose shares trade on the TSX, is involved in the acquisition, exploration and development of mineral resource properties internationally. The Company's current focus is the feasibility stage Maoling Gold Project in Liaoning Province, China in which it first became involved in 1999.

On June 14, 2005, the Company reported on the results of a Pre-Feasibility Study conducted by AMEC Americas Ltd., demonstrating the economic viability of developing a large-scale open-pit mine at Maoling. Mining operations envisaged in the study are from an open-pit at an initial rate of 20,000 tonnes per day, then expanded to 35,000 tonnes per day after the second year of production. Pre-production capital is expected to be approximately US$ 235 million, with an additional US$ 63 million required for plant expansion. Ore is to be processed by conventional crushing and grinding followed by leaching and Carbon-in-Pulp gold extraction. With a strip ratio of 1.36:1, gold production is expected to average 364,000 ounces per year with an average cash cost of US$ 175 per ounce over the first six years of the expected mine-life of approximately 8 years. The pre-feasibility study forecast an NPV (0% discount, pre-tax & ungeared) of US$ 244 million and an IRR of 18%, using a gold price of $400 per ounce.

The study only considered the project's existing *Indicated Resources* for development, resulting in a statement of *Probable Reserves* that is included in the table below, together with the project's remaining *Indicated and Inferred Resources*:

(0.50 g/t cut off grade)	**Tonnes (000's)**	**Grade (Au g/t)**	**Contained Gold Ounces (000's)**
Probable Reserves			
Zone 1	**88,781**	**0.99**	**2,826**
Indicated Resources			
Zone 1	**31,419**	**0.98**	**961**
Inferred Resources			
Zone 1	87,600	0.80	2,261
Zone 4	95,000	0.90	2,797
Total Inferred	**182,600**	**0.86**	**5,059**

Infill and geological drilling resumed early in the second quarter at the south end of Zone 1 and continued through the quarter. This work is designed to improve the knowledge base on a number of post-mineral faults in the area thereby improving the integrity of the geological model. Together with drilling completed earlier, but subsequent to the last resource estimate, this in turn is expected to help upgrade the Inferred Resources of the area in the next resource estimate that will be completed later in the year, to be considered for development in the final feasibility study expected mid-2006.

With the exception of interest earned on investments the Company does not have revenue and relies upon equity financings to fund its exploration work. The climate for raising equity financing for precious metals exploration companies was robust in the first quarter and appears to be continuing into the second quarter as the price of gold remains strong. The Company has sufficient funds on hand to fund currently anticipated costs of the Final Feasibility Study on Zone 1.

Further details of the results of operations for the second quarter of 2005 and 2004 are summarized in the following tables along with related comments on the changes.

1) FINANCIAL HIGHLIGHTS

- The consolidated loss for the quarter under Canadian GAAP was $1,883,762 or $0.07 per share compared with a loss of $2,062,124 or $0.08 per share during the same quarter of 2004.

- Mineral exploration costs for the quarter were $1,301,985 compared with $1,320,850 during the same quarter of 2004. All of the exploration costs were expended on the Maoling Gold Project, China.

- During the quarter, the Company raised $1,919,995 from the exercise of warrants and $424,811 from the exercise of stock options, resulting in a total of 28,335,539 shares issued as at June 30, 2005. A total of 376,022 warrants and 3,453,500 options remain outstanding, representing potential additional cash resources of $5,352,178 if exercised.

- Income from interest in the quarter amounted to $42,215.

- The Company ended the quarter with $7,307,890 in working capital, compared with $9,739,447 at the end of the same quarter in 2004.

- The Company increased its investment in the Maoling property in the quarter by $452,000 through direct financing of additional field work and pre-feasibility costs on Zone 1.

2) FINANCIAL RESULTS

Income

	3 Months Ended June 30		
	2005	**2004**	**Change**
Interest income	$42,215	$89,660	$ (47,445)
Write down bond premium to market	–	(49,480)	$ 49,480
Total	**$ 42,215**	**$40,180**	**$2,035**

The gain on sale of bonds in 2004 was a one time event. The reduction in interest income reflects the reduction in funds available for investment in 2005 as a result of financing exploration activity in 2004.

Mineral Exploration Costs

	3 Months Ended June 30		
	2005	**2004**	**Change**
Mineral exploration costs	$1,280,006	$1,320,850	$(40,844)

The Company follows the practice of expensing all exploration costs until mineral reserves have been firmly established and permitted. Near the end of the current quarter the Company released the results of its pre-feasibility study which identified a mineral reserve at Maoling.

The breakdown of the above costs appears in note 2 to the financial statements. The technical services and project management costs for 2005 were significantly higher than 2004 due to the pre-feasibility work in progress through most of the quarter. This was offset by somewhat reduced core drilling activity in 2005.

On January 31, 2005 the Company and its joint venture partner agreed to raise the total investment amount of the exploration joint venture to US$10,000,000. According to the regulations governing Sino-Foreign Joint Ventures, Government approval is required to raise the total investment amount and accordingly, discussions with provincial authorities in Liaoning, including the local office of the Bureau of Foreign Trade and Economic Cooperation (BOFTEC) have been underway; however, a decision has been deferred pending discussions with higher level officials. In the meantime, Mundoro has been funding work activities directly. Once approved, the higher limits should allow the joint venture company to fund all activity on site until the construction phase.

Administrative Expenses

3 Months Ended June 30

	2005	2004	Change
Amortization	$ 8,054	$ 8,139	$ (85)
Accounting and audit	14,303	12,072	2,231
Corporate communications	109,308	119,700	(10,392)
Corporate development and governance	78,481	71,807	6,674
Directors' fees	19,467	22,250	(2,783)
Exchange and regulation	18,595	11,661	6,934
Government Relations and Community Support	47,158	60,295	(13,137)
Office support	122,083	106,553	15,530
Stock-based compensation	224,258	388,456	(164,198)
Exchange loss (gain)	4,264	(19,479)	23,743
TOTAL	**$ 645,971**	**$ 781,454**	**$ (135,483)**

Summary

In total, expenses in this quarter were considerably reduced from those of 2004. The net reduction of $135,483 results from a combination of items, the most significant being:

- Reduced levels of expense were incurred in the areas of stock-based compensation, government relations and community support and corporate communications.

- Increased levels of expense were incurred for office support along with foreign exchange and various other smaller items.

Comments on the significant areas of change appear below along with clarification concerning each activity:

Accounting and Audit covers all financial accounting and reporting activities and includes the services of the CFO, the external auditors' (annual and quarterly reviews) and the accountant.

Costs for 2005 are essentially in line with those of 2004.

Corporate Communications provides for the flow of information about the Company to all stakeholders, regulatory bodies and the investment community and includes print and electronic media as well as conventions and conference costs.

Reductions in consulting fees of $16,994, printing and design costs of $7,456 and exhibitions/conventions fees of $11,958 were partially offset by production costs of a new project animation of $15,500.

Corporate Development and Governance - the activities of senior management and the board related to corporate business affairs and includes such costs as travel and accommodation, legal, insurance and corporate secretarial costs.

The cost of Directors and Officers liability insurance premiums for Q2 2005 was $14,345 while there was no such charge made in the comparable period in 2004. There was an increase in legal fees incurred during the quarter of $15,102 mainly relating to litigation involving a former executive of the Company. Reductions in the cost of corporate secretarial services of $6,973 and directors' travel costs of $6,236 in 2005 were realized over those in the comparable quarter of 2004.

Directors' Fees are paid to independent (non-management) directors and include a quarterly retainer, meeting and travel fees.

The small reduction in fees paid in 2005 reflects reduced travel time and a smaller board in 2005 versus 2004.

Exchange and Regulation activity covers filing and listing fees, legal costs of compliance and the services of the transfer agent.

The increase of $6,934 in 2005 is attributed to increased legal, regulatory and filing fees.

Government Relations and Community Support activity provides for business-related travel, communications and meetings with all three levels of government and government officials in China along with support for the local Maoling community.

In 2004 management undertook a trip with technical experts to three centres in Liaoning to engage community and government officials in order to inform them about the Company's activities and the project in general. This trip was not repeated during Q2 2005 but dialogue has continued through the services of a consultant based in Beijing who provides government and community liaison services. This resulted in a saving of $35,116 over those costs in 2004.

Office Support activity covers expenditures associated with project and corporate administrative overhead in both Vancouver and Shenyang. These include such normal office costs as rent, power, insurance, telephone and facsimile, courier, secretarial, supplies and postage.

The 2005 expenses include increased rent charges of $14,170 with the acquisition of more space in Vancouver, including additional off-site storage compared with those costs in 2004.

Stock-based Compensation In 2003, the Company adopted the fair value method of accounting for all stock-based payments to employees and directors. Under this method the fair value of stock options is calculated and expensed at date of grant, with the offsetting credit to contributed surplus. If the stock options are exercised the proceeds are credited to share capital. The Company uses the Black-Scholes option pricing model to calculate the fair value of all stock options.

The costs in the quarter are significantly reduced over the comparable period in 2004 because there were no options granted nor previously granted options vesting in the period.

Exchange Loss (Gain) arises primarily from the foreign currency translation of US dollar and Chinese RMB currencies in preparing the consolidated financial statements under Canadian GAAP.

The reduction for 2005 is attributed to a change in the recording of exchange 'clawbacks' or offsets with elimination entries on consolidation. Currently, the amounts are applied to the exchange account directly, while for the first part of 2004 they were applied to exploration costs (representing the largest expense item). There has been no significant impact on the cost of operations in China from the recent uncoupling of the RMB from the US dollar.

Related party transactions are described in detail in the notes to the financial statements. Directors' fees are identified in the statement of operations and hence they do not appear in the related party note disclosure.

Loss for the Period **3 Months Ended June 30**

	2005	2004	Change
(Loss) for the quarter	$(1,883,762)	$(2,062,124)	$ 178,362
(Loss) per share	$ (0.07)	$ (0.08)	$ 0.01

The overall reduction in the loss for the second quarter in 2005 over 2004 is due largely to the reduction in stock-based compensation costs.

3) SUMMARY OF QUARTERLY RESULTS

The following information has been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). All amounts are in $CDN.

	2005		2004				2003	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Income	**42,215**	**44,898**	47,618	50,901	40,180	282,602	45,926	132
Exploration costs	**1,280,006**	**366,170**	898,713	1,388,440	1,320,850	658,386	53,934	78,850
Administrative expenses	**421,713**	**477,438**	722,628	216,786	392,998	472,166	704,293	352,127
Stock-based Compensation	**224,258**	**380,188**	31,302	278,055	388,456	199,636	368,885	2,391
(Loss) for the period	**(1,883,762)**	**(1,178,898)**	(1,605,025)	(1,832,380)	(2,062,124)	(1,047,586)	(1,081,186)	(433,236)
(Loss) per share basic and diluted	**$(0.07)**	**$(0.04)**	$(0.06)	$(0.07)	$(0.08)	$(0.04)	$(0.07)	$(0.04)

The Company's sole source of income derives from cash management, and is generally predictable from quarter to quarter. The increased income amount for the first quarter of 2004 reflects a gain on sale of long term government bonds.

The Stock-based Compensation costs have been segregated from Administrative expenses. In the fourth quarter of 2003 additional costs were incurred pursuant to the initial public offering and subsequent stock exchange listing.

During the period, the Company reported no discontinued operations or extraordinary items.

4) FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

	At June 30, 2005	2004	Change
Working capital	$7,307,890	$9,739,447	$(2,431,557)
Total Assets	$8,464,864	$10,611,920	$ (2,147,056)

The decreases in both working capital and assets over this 12 month period reflect the financing of major exploration activity and pre-feasibility studies completed on the Maoling Gold Project during the year and the associated overhead costs. These requirements were reduced in part by modest amounts of income earned, and, more significantly, by cash received on the exercise of stock options and warrants, particularly in 2005.

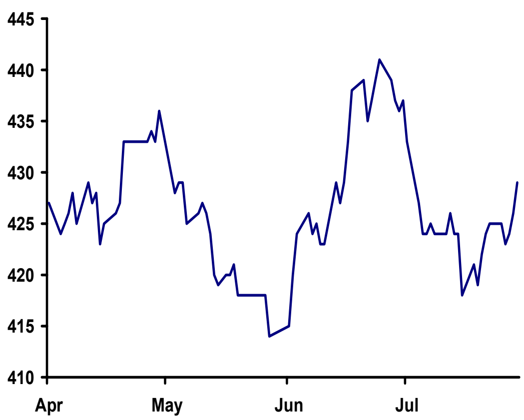
	For Three Months Ended June 30, 2005	2004	Change
Cash flow from financing activities	$2,344,807	$138,524	$2,206,283

The increase in cash arises primarily from an increase in the exercise of warrants at the IPO price due to a June 15 expiry date. The 2005 total also includes the exercise of 375,000 stock options. A total of $174,924 in non-cash compensation was transferred from contributed surplus to share capital related to the exercise of these options.

During the quarter, the Company received $1,919,995 from the exercise of warrants and $424,811 from the exercise of stock options, resulting in an increase of 1,915,811 shares issued to a total of 28,335,539 shares as at June 30, 2005. A total of 376,022 warrants and 3,453,500 options remain outstanding, representing potential additional cash resources of $5,352,178 if exercised.

Current working capital is sufficient to fund currently anticipated costs of the final feasibility study for Zone 1.

5) THE GOLD MARKET



Gold price chart for period April 1 to July 28, 2005

From a price of US$427 per ounce at the start of the second quarter the price of gold reached a low of US $414.45 per ounce on May 31 and a high of US$437 on June 30. As of the date hereof, the price of gold is quoted at US$426.40 per ounce.

Many commentators believe that the gold market will remain strong for at least the medium term. If this proves to be true then the financial markets should be supportive of the Company as it advances Maoling to development.

6) ANNUAL INFORMATION FORM

The Company's 'Initial' Annual Information Form (AIF) was receipted by the British Columbia Securities Commission on April 18, 2005, and is available on SEDAR at www.sedar.com. Subsequent to this filing the Company attained POP issuer status.

7) RISKS AND UNCERTAINTIES

Exploration Risk
The Company's only current property is the Maoling Property in which a body of ore containing 2.8 million ounces of Probable Reserve has been defined. A considerable percentage of the Company's property-wide resources have not yet been converted to reserves and there is no guarantee that additional drilling and economic studies will cause these resources to be converted into reserves.

Title to Properties
A legal title opinion has been rendered on the Maoling Property that supports the Company's position. However, there is no guarantee that challenges to title will not be made in the future.

Financial Capability and Additional Financing
The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although the Company has been successful in the past in financing its activities through the sale of equity securities there can be no assurance that it will be able to obtain sufficient financing in the future to execute its business plan with respect to the Maoling Project.

Fluctuating Prices
The Company's revenues, if any, are expected to be in large part derived from the sale of gold and possibly other metals. The price of gold and other commodities has fluctuated widely in recent years and is affected by factors beyond the control of the Company including, but not limited to, international economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply of gold due to new mine developments, mine closures as well as advances in various production and use technologies of gold. All of these factors will have impacts on the viability of the Company's exploration projects that are impossible to predict.

Environment Protection Legislation
Both the exploration and production phases of the Company's operations will be subject to environmental protection regulations in the jurisdictions in which it operates. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. China is strengthening its environmental protection legislation and enforcement of its regulations. There is no assurance that current or future Chinese environmental regulations will not adversely affect the Company's operations.

Political Conditions
Regardless of the economic viability of the Company's property interests factors such as political instability, terrorism, expropriation by governments or the imposition of new regulations or tax laws may prevent or restrict mining of some or all of the Corporation's deposits. All of the Company's property interests are located in China and, consequently, if a dispute were to arise between the Company and its joint venture partners or any third party the Company would be obliged to depend on the courts of China for adjudication.

Currency Exchange Rates

The Company maintains its accounts in US dollar, Canadian dollar and Renminbi (RMB) denominations. The government of China has maintained the exchange rate between the RMB and the US dollar as a constant over the past few years and thus exchange rates between the Canadian dollar and the RMB have fluctuated in tandem with the changing exchange rates between the US and Canadian dollars. On July 21, the Chinese government, through the central bank, decided to allow the RMB to float in a broader band relative to a basket of currencies. As a result of this change in policy the RMB gained 2.1% in value relative to the US dollar. This uncoupling of the RMB from the US dollar could ultimately impact the cost of doing business in China for the Company.

8) OUTLOOK

Work is underway to advance Maoling through the next phase of project development and a number of milestones are expected to be reached in the third quarter, including the renewal of the Joint Venture's business license; the award of the contract for the Final Feasibility Study on Zone 1; the continuation of field work to support final feasibility studies together with exploration work focusing on upgrading and expanding the Zone 1 deposit.

Mundoro will continue to extend the Company's profile in North American and in European investment communities with the objective of sustaining a reasonable valuation in the markets for the Company and its shares. Ongoing communications activities are also being undertaken in China to assist in the advancement, approval and permitting of the Maoling project and the Company is once again a major sponsor of the highly successful China Mining 2005 convention in Q4, 2005.

MUNDORO MINING INC.

Interim Consolidated Financial Statements
(unaudited, expressed in Canadian Dollars)

For the three and six month periods ending

JUNE 30, 2005

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MUNDORO MINING INC.

Interim Consolidated Balance Sheets
As at June 30, 2005 and December 31, 2004
(unaudited, expressed in Canadian Dollars)

	June 30 2005	December 31, 2004
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,863,466	$ 7,931,922
Accounts receivable	161,729	150,644
Prepaid expenses and deposits	112,419	51,996
	8,137,614	8,134,562
Mineral interests (Note 2)	100	100
Equipment and vehicles (Note 3)	327,150	349,045
	$ 8,464,864	$ 8,483,707
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 829,724	$ 1,196,647
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	21,971,295	18,986,191
Contributed surplus	1,750,308	1,324,672
Deficit	(16,086,463)	(13,023,803)
	7,635,140	7,287,060
	$ 8,464,864	$ 8,483,707

Approved by the Directors: "Patrick Downey" "Colin H. McAleenan"

Patrick Downey Colin H. McAleenan

MUNDORO MINING INC.

Interim Consolidated Statements of Operations and Deficit
For three month and six month period ending June 30, 2005 and 2004
(unaudited, expressed in Canadian Dollars or numbers of common shares)

	3 months Ended		6 months Ended	
	2005	2004	2005	2004
Income				
Interest income	$42,215	$89,660	$87,113	$213,562
Gain on sale of bonds	-	-	-	158,700
Write down bond premium to market	-	(49,480)	-	(49,480)
	42,215	40,180	$87,113	322,782
Mineral exploration costs (Note 2)	1,280,006	1,320,850	1,717,599	1,979,236
Administrative expenses				
Accounting and audit	14,303	12,072	59,577	51,224
Amortization	8,054	8,139	15,769	10,690
Corporate communications	109,308	119,700	221,324	255,785
Corporate development and governance	78,481	71,807	144,449	98,306
Directors' fees	19,467	22,250	47,032	47,250
Exchange and regulation	18,595	11,661	44,542	149,713
Government relations & community support	47,158	60,295	47,158	65,882
Office support	122,083	106,553	253,387	227,162
Stock based compensation (Note 4(d))	224,258	388,456	604,446	588,092
Foreign exchange loss (gain)	4,264	(19,479)	(5,510)	(40,848)
	645,971	781,454	1,432,174	1,453,256
Loss for the period	(1,883,762)	(2,062,124)	(3,062,660)	(3,109,710)
Deficit, beginning of period	(14,202,701)	(7,524,274)	(13,023,803)	(6,476,688)
Deficit, end of period	$(16,086,463)	$ (9,586,398)	$(16,086,463)	$ (9,586,398)
Loss per share - basic and diluted	$ (0.07)	$ (0.08)	$ (0.11)	$ (0.12)
Weighted average number of common shares outstanding – basic and diluted	27,268,255	25,709,847	26,743,892	25,608,627

MUNDORO MINING INC.

Interim Consolidated Statements of Cash Flows
For three and six months ending June 30, 2005 and 2004
(unaudited, expressed in Canadian Dollars)

	3 months Ended		6 months Ended	
	2005	2004	2005	2004
Cash flows from (used in) operating activities				
Loss for the period	$(1,883,762)	$ (2,062,124)	$(3,062,660)	$ (3,109,710)
Adjustments for items not involving cash:				
- amortization	17,337	8,139	38,219	10,690
- stock-based compensation	224,258	388,456	604,447	588,092
- write down of bond premium to market	-	49,480	-	49,480
	(1,642,167)	(1,616,049)	(2,419,994)	(2,461,448)
Change in non-cash working capital:				
- other receivables	(78,771)	119,582	(11,085)	20,510
- prepaid expenses and deposits	(64,815)	(10,892)	(60,423)	(44,360)
- accounts payable and accrued liabilities	703,401	45,426	(366,923)	460,380
	(1,082,352)	(1,523,183)	(2,858,425)	(2,024,918)
Cash flows from financing activities				
Proceeds from issuance of shares	2,344,807	138,524	2,806,293	283,836
Cash flows provided by (used in) investing activities				
Sale of marketable securities	-	-	-	5,878,550
Acquisition of equipment and vehicles	(11,233)	(57,552)	(16,324)	(232,476)
	(11,233)	(57,552)	(16,324)	5,646,074
Increase(decrease) in cash and cash equivalents	1,251,222	(1,380,961)	(68,456)	3,904,992
Cash and cash equivalents, beginning of period	6,612,244	9,364,590	7,931,922	4,078,637
Cash and cash equivalents, end of period	$7,863,466	$7,983,629	$7,863,466	$7,983,629

(unaudited, expressed in Canadian Dollars)

1. Basis of Presentation

These interim consolidated financial statements have been prepared using the same accounting policies and methods of their application as the most recent annual consolidated financial statements of the Company. These interim consolidated financial statements do not include all disclosures normally provided in the annual consolidated financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2004. In management's opinion, all adjustments necessary for fair presentation have been included in these interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the fiscal year. Certain comparative figures have been reclassified to conform to the current period's presentation.

2. Mineral Interests

The Company follows the practice of expensing all exploration costs until mineral reserves have been firmly established and permitted. Near the end of the current quarter the Company released the results of its pre-feasibility study which identified a mineral reserve at Maoling.

Exploration costs incurred in the quarter ended June 30, 2005 including pre-feasibility work amounted to $1,280,006 (2004, $1,320,850) as detailed below:

	3 months ended June 30		6 months ended June 30	
Mineral Exploration costs:	2005	2004	2005	2004
Core drilling and related costs	$ 818,520	$1,058,573	$ 831,339	$511,650
Assaying and analytical	25,766	77,263	68,667	99,468
Technical services and project management	346,985	141,405	641,938	218,965
Amortization	9,283	4,664	22,450	8,248
Shipping, travel, office and all other costs	79,452	38,945	153,205	82,332
Total	$1,280,006	$1,320,850	$1,717,599	$1,979,236

On June 10, 2001, the Company entered into a Cooperative Joint Venture Agreement with Liaoning Aidi Resources Company Ltd. ("Aidi"), a company incorporated under the Business Law of Liaoning Province, China. Pursuant to the Cooperative Joint Venture Agreement, the Company is required to fund all work on Maoling Gold Project through to production and thereby earns a 79% profit interest in the joint venture. Aidi's contribution consists of all the work completed to 2001 on the project as well as the exploration license for the Maoling area.

The Company has made registered capital contributions and direct payments on behalf of the joint venture amounting to US$5.95 million to June 30, 2005 or approximately US$0.45 million in the quarter over a restated March 31, 2005 level of US$5.5 million and US$3.5 million over the June 30, 2004 level of US$2.44 million. An additional US $0.289 million was transferred to the Joint Venture's loan account in China on July 20, 2005.

(unaudited, expressed in Canadian Dollars)

Under Chinese mining laws and regulations, exploration licenses have a three year term and allow two two-year extensions. The Joint Venture's license for Maoling for the first two year extension expires in November 2005 and the Company intends to apply for a final extension in the normal course.

3. Equipment and Vehicles

	2005	2004
	June 30	December 31
Cost:		
Computers	$ 66,140	$ 61,039
Furniture and fixtures	26,022	25,379
Office and technical equipment	121,318	111,486
Vehicles	176,407	176,407
Leasehold improvements	47,211	46,463
	437,098	420,774
Less: Accumulated amortization	(109,948)	(71,729)
Net book value	$327,150	$349,045

4. Share Capital

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued:

	Shares	Amount
Balance, December 31, 2004	26,039,479	$18,986,191
Issued pursuant to warrants	363,749	436,737
Issued pursuant to stock options	16,500	24,750
Reclassification of contributed surplus on exercise of options	-	3,887
Balance March 31, 2005	26,419,728	$19,451,565
Issued pursuant to warrants	1,540,811	1,919,995
Issued pursuant to stock options	375,000	424,811
Reclassification of contributed surplus on exercise of options	-	174,924
Balance, June 30, 2005	28,335,539	$21,971,295

(c) 93,750 of the shares are held in court. The release of these shares is subject to the outcome of the legal proceeding.

(unaudited, expressed in Canadian Dollars)

(d) Stock Options

At the Company's annual shareholders' meeting held in April 2005, a modification to the Company's 2004 Stock Option Plan was approved. This modification provides for a rolling maximum of 15% of issued stock made available for the granting of stock options.

A summary of the status of options granted is tabulated below.

	Shares	Weighted Average Exercise Price
Options outstanding at December 31, 2004	3,415,000	$ 1.11
Granted	430,000	$ 2.59
Exercised	(16,500)	$ 1.50
Options outstanding at March 31, 2005	3,828,500	$1.27
Exercised	(75,000)	$1.92
Exercised	(125,000)	US$0.16
Exercised	(100,000)	$1.25
Exercised	(75,000)	$1.70
Options outstanding at June 30, 2005	3,453,500	$1.29

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
US$0.16	812,500	1.80	US$0.16	812,500	US$0.16
US$0.24	125,000	2.44	US$0.24	125,000	US$0.24
$1.25	1,160,000	3.36	$1.25	1,160,000	$1.25
$1.50-$1.92	826,000	3.99	$1.70	792,667	$1.71
$1.93 - $2.83	100,000	4.00	2.78	83,333	$2.78
$2.42 - $3.04	430,000	4.63	$2.59	143,333	$2.59
	3,453,500	3.26	$1.29	3,116,833	$1.16

The Company uses the fair value method of accounting for all stock-based payments to employees and directors since 2003. Under this method the fair value of stock options is calculated and expensed at date of grant, with the offsetting credit to contributed surplus. If the stock options are exercised the proceeds are credited to share capital.

(unaudited, expressed in Canadian Dollars)

The Company uses the Black-Scholes option pricing model to calculate the fair value of all stock options. In doing so, management is required to estimate future stock price volatility and the period within which the stock options will be exercised. The assumptions made will likely change from time to time. In determining the fair value of the options, the model uses historical information as well as anticipated future events.

(d) Warrants outstanding as at June 30, 2005:

Number Of Warrants	Exercise Price Per Warrant	Expiry Date
10,656	$1.25	November 12, 2005
365,366	$1.25	November 24, 2005
376,022		Balance outstanding

Each warrant entitles the holder to acquire one common share of the Company.

5. Related Party Transactions

The Company incurred administrative and geological consulting fees to a management company controlled by the CEO in the normal course of business as follows:

	2005	2004	2005	2004
Periods Ended June 30	3 months	3 months	6 months	6 months
Geological/Project Management Services	$ 18,700	$ 25,499	$ 37,034	$ 38,799
Corporate Management Services	21,301	39,450	60,622	82,947
	$ 40,001	$ 64,949	$ 97,656	$121,746

(unaudited, expressed in Canadian Dollars)

6. Geographical Information

The Company's business is considered as operating in one segment and the geographical division of the total assets of the Company is as follows:

	2005	2004
	June 30	December 31
Canada	$8,050,751	$7,890,621
China	414,113	593,086
	$8,464,864	$8,483,707