MUNDORO CAPITAL

Management Discussion and Analysis
For the Fiscal Quarter Ended June 30, 2009

1. INTRODUCTION

Mundoro Capital Inc. (the "Company" or "Mundoro Capital"), is a Canadian based company which operates as a mineral exploration, development and investment company.

The following discussion and analysis ("MD&A"), prepared as of August 11, 2009, is to be read in conjunction with the unaudited Consolidated Financial Statements for June 30, 2009 and June 30, 2008 and related notes which are prepared in accordance with Canadian Generally Accepted Accounting Principles. This document has been reviewed by the Audit Committee of the Board of Directors of the Company and has been approved by the Board of Directors. All amounts are expressed in United States dollars unless otherwise indicated.

2. SUMMARY OF ACTIVITIES AND OUTLOOK

During the second quarter of 2009, the main areas of focus for the Company continue to be: corporate development activity in China for Mundoro Mining's efforts to secure a strategic partner; engaging the government of Liaoning; and, evaluating investment opportunities in the resources sector for Mundoro Capital. Mundoro Mining has been in discussions with various Chinese companies with respect to a strategic partnership in China. These efforts are in various stages of discussion with no certainty of completion.

With respect to the Maoling Gold Project, the Company continues to dedicate its efforts to demonstrating the economic, technical and environmental merits of a long life, sustainable mining operation in China in close co-operation with the county, municipal, provincial and national levels of government. The economic benefits of Maoling to the province are many including: local job creation, skills training and significant indirect job creation; purchase of equipment from Chinese suppliers; operating expenses to be spent in China; taxes collected by the local and provincial government; and gold produced from Maoling to be sold in China. A large scale low-grade operation at Maoling will bring the latest international mining knowledge to China.

The majority of the feasibility level work was concluded in the first quarter of 2007, and the Company continues to optimize the technical understanding of Maoling through metallurgy and mine design to supplement the work previously completed for the Feasibility Study and the supporting studies for an Environmental and Social Impact Assessment ("ESIA").

Although a formal ESIA has not been completed, to support the understanding of the impact of a mining project at Maoling, Mundoro commissioned a report by Qinghua University which was published in *<insert date of completion>* which highlighted *<insert comment from AR regarding report>*. The Company anticipates the completion of a follow up environmental report from Qinghua University on the environmental impact of a mining operation at Maoling which will highlight *<insert comment from AR regarding second report>*.

The Company's current cash and cash equivalents balance exceeds current estimated costs required to complete the Feasibility Study and the ESIA for Maoling subject to any decisions the Company may make to invest in new resource opportunities.

Mundoro Capital is looking to employ its financial strength and technical expertise either in conjunction with others or as the principal for resource projects. The Company will continue to monitor carefully value driven opportunities and weigh these opportunities against the necessity to conserve capital during this period of restricted financial markets.

Subsequent to the end of the quarter, Mundoro announced a change in the board and management where by Mr. John Hoey, who was an independent director of the Company, was appointed Chairman of the Company, to replace Mr. van Doorn who has left the Company. Mr. Hoey has also been appointed Chairman of Mundoro Mining Inc., a 100% subsidiary of the Company. Mr. Hoey brings to the Company extensive experience in working with private and public companies as well as serving on the boards of companies that have operated in various countries with a specific focus on emerging market countries and specifically China. Mr. Hoey brings to the Company over 35 years of international investment experience along with a strong government relations background. Ms. Teo Dechev, the Company's President and Chief Financial Officer, has been appointed Chief Executive Officer of the Company in place of Mr. van Doorn and will remain as President and Chief Financial Officer. Ms. Dechev has been with the Company since 2006 and joined the Board of Directors in April 2008. Ms. Dechev has a geological and mineral engineering degree with over 14 years experience in the resource and financial industry. Mr. Alan Riles, who joined the Company in February 2006, remains the Chief Operating Officer of the Company and the General Manager of the Company's joint venture company, Liaoning Tianli Mining Company Ltd. ("Tianli"), in China.

3. Description Of Business

As its cornerstone investment, the Company owns 100% interest in Mundoro Mining Inc., which remains the largest and key asset of Mundoro Capital. Mundoro Mining's sole focus is the Maoling Gold Project ("Maoling") located in Liaoning Province, China. The Measured, Indicated and Inferred Resources of Maoling (shown in the table below) place it in the category of one of the largest undeveloped gold deposits in the world.

Maoling's Reserves		
Tonnes (millions)	Grade (Au g/t)	Contained Gold (million ozs)
Zone 1 Pre-Feasibility Probable Reserves		
88.8	1.0	2.8

Maoling's Resources		
Tonnes (millions)	Grade (Au g/t)	Contained Gold (million ozs)
Zone 1 Measured & Indicated Resource*		
161	0.92	4.8
Total Zone 1 and 4 Inferred Resource		
158	0.9	4.4
* estimate includes Measured Resource of 4 million tones grading 1.31 grams gold per tonne		

The Company's management team recognizes the significance and value of the resource at Maoling and as such will continue to pursue a development strategy for Maoling.

Licensing & Government Relations

Mundoro's involvement with Maoling commenced in 2001 when the Company responded to an invitation by a central government call for tenders to help develop Maoling. To pursue Maoling, a Chinese joint venture company was formed, Liaoning Tianli Mining Company Ltd. ("Tianli") of which Mundoro Mining owns 79% and the joint venture partner, Liaoning Aidi Resources Company Limited ("Aidi") owns 21%. Aidi is the corporate arm of the Liaoning Geology and Exploration Bureau. The original business license and exploration licenses for Tianli were granted in 2001, however the renewal of the exploration license for Maoling has been deferred since November 2005 pending the renewal of the business license for Tianli. The business license for Tianli has been pending since August 2005.

Mundoro Mining and its partner, Aidi, have undertaken a strategy of engagement and building awareness with a wide range of government agencies and Chinese enterprises in order to resolve the business license renewal issue and to advocate the benefits of developing a modern mine at Maoling which will serve as a showcase in modern mine management methods including a focus on environmental protection.

Feasibility Study & Environmental and Social Impact Assessment

A Pre-Feasibility Study for Maoling was completed and published in June 2005 which demonstrates the economic viability of developing a large-scale open-pit mine in Zone 1, one of two identified deposits: Zone 1 and Zone 4.

In September 2005, an integrated technical team of Chinese and Western engineers and environmental experts were engaged to optimize the mine and mill design and to complete a Feasibility Study for Maoling.

The engineering companies engaged on the feasibility work are: Golder Associates ("Golder") for resource modeling and estimation, mine and tailings facility design, hydrology and geotechnical studies; and Ausenco International Pty Ltd. ("Ausenco"), for managing the overall feasibility study and for process design and engineering. The China Nonferrous Engineering and Research Institute ("ENFI"), based in Beijing, is engaged to complete the Chinese feasibility work. Beijing General Research Institute of Mining and Metallurgy ("BGRIMM") is focusing on the Environmental and Social Impact Assessment ("ESIA") process and will also assist with environmental planning and evaluation. Golder and BGRIMM have been coordinating their joint efforts on the ESIA.

Because of the delays in the renewal of Tianli's business license, certain portions of the feasibility study, such as geotechnical drilling for the final pit slope design in Zone 1 and final Chinese cost estimations, cannot be completed at this stage. It is anticipated that once Tianli's business license is renewed, the remaining engineering work needed to produce a NI 43-101 compliant feasibility study and a full ESIA for Maoling will be completed. The majority of the feasibility study and much of the ESIA work has been completed and unless the Company chooses to utilize its funds for acquisitions, which will only be done after careful analysis by the Company that the impact on its ability to finance the development of Maoling is acceptable, completion of these two studies will not require the Company to go to the market for capital as the Company's current cash position exceeds the capital needed for completion of these studies.

Community Relations

With the support of the Gaizhou County government in China, Mundoro Mining implemented a community relations program in September 2007 to spend RMB 1.2 million (US$160,000) over a three year period to fund educational, health and sanitation development in Gaizhou County. In 2008, Mundoro Mining provided RMB 280,000 (US$41,000) to the community relations program for the upgrade of the Kuangdonggou Medical Clinic and educational contributions to the middle school in the form of equipment and supplies**.**

4. FINANCIAL HIGHLIGHTS

- The Company's consolidated and comprehensive loss for the quarter was $196,719 ($0.005 per share) compared with a loss of $335,544 ($0.01 per share) for the previous year's period.
- The corporate expenses during this quarter remain comparatively low due to management's continued efforts to conserve cash and refrain from raising additional capital in order to not dilute shareholders.
- The net loss in the quarter is attributable to:
    - I. expending $93,899 on project management costs;
    - II. expending $617,662 on corporate expenses;
    - III. accounting for $508,601 on other accounting items; and
    - IV. earning interest income of $6,241.
- The Company ended the quarter with $13,396,956 in cash and cash equivalents which equates to C$0.35 per share with no long term debt.

5. Summary Of quarterly Results

000's US$	Q2/09	Q1/09	Q4/08	Q3/08	Q2/08	Q1/08	Q4/07	Q3/07
Interest income	$6	$34	$65	$88	$122	$162	$209	$264
Project Management Costs	94	68	109	107	94	174	234	245
Corporate Expenses (1)	618	455	294	370	513	657	667	583
Other Expenses (Income)(2)	(509)	563	3,490	(2,859)	(150)	(1,113)	(94)	326
Income (Loss) and comprehensive income (loss) for the period	(197)	(1,052)	(3,828)	2,470	(335)	443	(598)	(890)
Income (Loss) and comprehensive income (loss) per share, basic and fully diluted	(0.01)	($0.03)	($0.10)	$0.06	($0.01)	$0.01	($0.02)	($0.02)

(1) Corporate Expenses include: accounting and audit, corporate development, corporate governance, government and community relations, corporate communication and marketing, and general and administrative expenses.
(2) Other Expenses include: other accounting items such as stock based compensation, amortization and foreign exchange loss (gain).

6. Result Of Operations

Result of Operations Table	**Quarter ended June 30, 2009**	**Quarter ended June 30, 2008**	**Quarter ended June 30, 2007**
Interest Income	$6,241	$122,014	$179,269
Project Management Costs	93,899	94,038	425,127
Corporate Expenses			
Accounting and Audit	50,403	68,723	95,005
Corporate Communication & Marketing	63,978	92,634	95,450
Corporate Development	178,585	124,682	29,415
Corporate Governance	157,954	94,188	111,521
Government & Community Relations	70,717	45,614	246,145
General and Administrative	96,025	87,500	158,721
Total Corporate Expenses	617,662	513,341	736,257
Other Expenses			
Amortization	2,597	4,666	8,362
Foreign exchange loss (gain)	(750,133)	(154,487)	1,619,368
Stock-based compensation	238,935	-	36,200
Total Other Expenses (income)	(508,601)	(149,821)	1,663,930
Loss and comprehensive loss for the quarter	(196,719)	(335,544)	(2,646,045)
Loss and comprehensive loss per share, basic and fully diluted	**(0.005)**	**(0.009)**	**(0.069)**
Total Assets	**$13,505,558**	**$17,230,785**	**$19,050,067**
Total Long Term Liabilities	Nil	Nil	Nil
Cash Dividends per share	Nil	Nil	Nil

The Three Months Ended June 30, 2009 compared to the Three Months Ended June 30, 2008

- The Company's total corporate expenses for the quarter were $617,662 which increased from the previous year's quarter of $513,341, due to an increase in expenses for corporate development, corporate governance and government relations activity. Some of these increases were compensated for with a decrease in accounting expenses and marketing expenses.
- This quarter the Company experienced a loss of $196,719 ($0.005 per share) compared with a loss of $335,544 ($0.01 per share) for the previous year's quarter. The decrease in loss as compared to the previous year's quarter is partially due to an increase in gain from foreign exchange (shown as Other Expenses in the table above). The foreign exchange gain is attributable to the appreciation of the value of the cash balance held in Canadian dollars when it is converted to U.S. dollars at the end of the quarter for financial reporting. The Company keeps a cash balance in both currencies.
- Income from interest in the quarter decreased to $6,241 compared with $122,014 for the previous year's quarter due to a significant decrease in the interest rate earned on the cash balance.
- The decrease in the Company's cash position is due to the corporate expenses and project management costs and is partially offset due to the increase in value of the Canadian dollar balance of the cash position when converted to the U.S. dollar for reporting purposes.
- Project management costs for the quarter were $93,899 compared with $94,038 during the previous year's quarter, reflecting the maintenance level of activity on the Feasibility Study.

The Six Months Ended June 30, 2009 compared to the Six Months Ended June 30, 2008

- The Company's total corporate expenses for the period were $1,072,584 which decreased from the previous year's period of $1,170,116, primarily due to a decrease in expenses for accounting and audit and corporate communication. Some of these decreases were offset with an increase in corporate development and corporate governance expenses.
- This period the Company experienced a loss of $1,248,651 ($0.03 per share) compared with a gain of $107,776 ($0.003 per share) for the previous year's period. The loss as compared to the previous year's period gain is mainly due to a decrease in foreign exchange gain. The foreign exchange gain recorded in the previous year's period was mainly attributable to the appreciation of the value of RMB over US$ on translation of financial statement of operation in China to U.S. dollars at the end of the period for financial reporting.
- Income from interest in the period decreased to $ $40,158 compared with $283,987 for the previous year's period due to a significant decrease in the interest rate earned on the cash balance.
- The decrease in the Company's cash position is due to the corporate expenses and project management costs and is partially offset due to the increase in value of the Canadian dollar balance of the cash position when converted to the U.S. dollar for reporting purposes as compared to the previous year's period cash balance.
- Project management costs for the period were $161,514 compared with $268,498 during the previous year's period, reflecting the decrease of activity on the Feasibility Study since the previous year's period.

7. Feasibility Study and ESIA Activities

The Feasibility Study commenced in September 2005 and has to date accumulated costs of $3,453,068 under Ausenco's supervision as project manager. The Environmental & Social Impact Assessment Study has to date accumulated costs of $1,135,770. The majority of the feasibility study has been completed.

8. Financial Condition, Liquidity And Capital Resources

The Company's principal source of liquidity as at June 31, 2009 is cash and cash equivalents of $13,396,956 (June 30, 2008 – $16,883,266).

The Company considers it has sufficient funds to cover all current commitments in Mundoro Mining such as completion of the Feasibility Study at Maoling and a full ESIA plus any other related costs leading up to a production decision. Additional funds will be required to complete construction at Maoling. The Company plans to explore appropriate financing routes to fund the mine development phase at Maoling which may include any one of, or combination of: issuance of share capital, funding through strategic partnership, project debt, convertible securities or other financial instruments.

When considering future investment opportunities, the Company will carefully consider the implications of such investments against the Company's need for cash to sustain current activity including the company's view as to the availability of additional financing for Maoling's development. Although the intent is to plan and arrange the necessary project debt financing to build a mine at Maoling, there is no assurance that all of the required debt and equity financing will be raised. Certain of these financing sources may be with recourse to Mundoro Mining and/or the Company. Decisions with respect to financing alternatives will be made at the time of a production decision.

With the exception of interest earned on investments, the Company does not have revenue and relies upon equity financings to fund its ongoing business operations. The Company believes current market conditions will continue for the foreseeable future and may negatively impact the Company's ability to finance activities at an acceptable price, or at all, should the Company need to raise capital.

The Company has no long term debt.

9. Share Capital

A detailed summary of the Company's share capital is included in the Notes to the audited Consolidated Financial Statements for June 30, 2009 in Note 6. The purchase of shares is pursuant to the Company's Normal Course Issuer Bid ("NCIB") under which the Company is to purchase for cancellation between May 29, 2008 and May 29, 2009, without assurance up to a maximum of 1,933,203 shares, being 5% of its total issued and outstanding Common Shares subject to a daily restriction of 9,190 Common Shares, being 25% of the average daily trading volume for the preceding six months. The Company did not purchase any shares under the NCIB program during the second quarter of 2009. The NCIB program expired on May 29, 2009. As of the date of this MD&A, the number of common shares, options and warrants as described in Note 6 have not changed.

10. Off Balance Sheet Arrangements

There are no off balance sheet arrangements for the Company.

11. Use Of Financial Instruments

The Company is not in a situation where it needs to enter into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. The principal financial instruments affecting the Company's financial condition and results of operations are currently its cash. The Company is exposed to credit risk with respect to its cash, cash equivalents and amounts receivable. Cash and cash equivalents have been placed with a large international financial institution. Other amounts receivable are primarily amounts owing from government agencies and related parties. The Company does not have any asset-backed commercial paper.

12. Credit Risk and the fair value of financial assets and financial liabilities

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which clarifies that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The adoption of this EIC did not have an impact on the Company's financial statements.

13. MINING EXPLORATION COSTS

In March 2009, the EIC of the CICA issued EIC-174, Mining Exploration Costs, which provides guidance on capitalization of exploration costs related to mining properties. EIC-174 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements. The adoption of this EIC did not have an impact on the Company's financial statements.

14. CRITICAL ACCOUNTING ESTIMATES

A detailed summary of all the Company's significant accounting policies is included in the Notes to the audited Consolidated Financial Statements for December 31, 2008 in Note 2. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the quarter. Significant areas requiring the use of management estimates include the collectability of amounts receivable, the fair value of financial instruments, the rates of amortization, the determination of environmental and asset retirement obligations, the impairment in value of resource properties, amounts of accrued liabilities, valuation allowance for future tax assets and determination of the variables used to calculate stock-based compensation. While management believes determining the variables used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

15. ANNUAL INFORMATION FORM

An Annual Information Form ("AIF") was filed with the British Columbia, Alberta and Ontario securities commissions on March 31, 2009, and is available on SEDAR at www.sedar.com.

16. INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. During the three months ended June 31, 2009, the Company commenced the scoping and planning phase of its changeover plan. The Company has evaluated different sources of information to develop an effective plan and will continue to assess the sources and training requirements as the project progresses. The Company has identified the following four phases of its conversion plan: scoping and planning, detailed assessment, operations implementation and post implementation. The operations implementation phase for IFRS compliant financial data will commence to support the opening balance sheet at January 1, 2010, fiscal 2010 and thereafter. Post implementation will include sustainable IFRS compliant financial data and processes for fiscal 2011 and beyond. The Company will continue to monitor changes in IFRS throughout the duration of the implementation process and assess their impacts on the Company and its reporting.

17. Business Combinations

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interests. These sections replace the former CICA Handbook Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

18. Disclosure controls and procedures update

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by Mundoro is accumulated and communicated to the management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the fiscal year, the disclosure controls and procedures are effective to provide reasonable assurance that material information related to Mundoro, including the consolidated subsidiary, is made known to them by others within both entities. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

19. Internal controls over financial reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company has assessed the design of the internal control over financial reporting and during this process the Company identified certain weaknesses in internal controls over financial reporting which are as follows:

- Due to the limited number of staff at the Company, it is not feasible to achieve complete segregation of incompatible duties.
- Due to the size of the Company and the limited number of staff, the Company does not have the optimum complement of personnel with all the technical accounting knowledge to address all complex and non-routine accounting transactions that may arise. Hence the Company hires external accounting firms to assist in the completion of such transactions.

These weaknesses in the Company's internal controls over financial reporting may result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of a material misstatement in financial reporting; however, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

20. Risks and Uncertainties

An investment in the securities of the Company is speculative due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. Risk factors relating to the Company could materially affect the Company's future results and could cause them to differ materially from estimates described in forward-looking statements made by the Company. Prospective investors should carefully consider these risk factors along with the other matters set out or incorporated by reference in this annual report. These are more fully described in the AIF and Management Information Circular filed on June 30, 2009 which have been filed on the SEDAR website at www.sedar.com, and include but are not limited to:

Mundoro Capital has no history of operations and there can be no assurance that it will be successful or profitable.

While many members of management have investment experience, there can be no assurance that Mundoro Capital's business will be successful or profitable or that Mundoro Capital will be able to successfully execute its business model and growth strategy. If Mundoro Capital cannot execute its business model and growth strategy, it may result in a material and adverse effect on Mundoro Capital's profitability, results of operation and financial conditions. The Company has never paid a dividend on its common shares and does not expect to do so in the foreseeable future.

The Company may be unsuccessful in obtaining permits and licenses in a timely manner for any mineral property in which Mundoro Capital holds an interest directly or indirectly, now or in the future.

Exploration, development and operation of mining are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, project development, mineral production, permitting and maintenance of title, exports, taxes, labour standards, reclamation obligations, heritage and historic matters and other matters. The owners and operators of the properties in which Mundoro Capital holds an interest require licences and permits from various governmental authorities in order to conduct their operations. Future changes in such licences and permits could have a material adverse impact on the revenue Mundoro Capital derives. Such licences and permits are subject to change in various circumstances and are required to be kept in good standing through a variety of means, including cash payments and satisfaction of conditions of issue. There can be no guarantee that Mundoro Capital or the operators of those properties in which Mundoro Capital holds an interest, will be able to obtain or maintain all necessary licences and permits in good standing that may be required to explore, develop and operate the properties, commence construction or operation of mining operations that economically justify the cost. Any failure to comply with applicable laws and regulations, permits and licences, or to maintain permits and licences in good standing, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or fines, penalties or other liabilities accruing to the owner or operator of the project. Any such occurrence could substantially decrease production or cause the termination of operations on the property, and thereby have a material and adverse effect on Mundoro Capital's profitability, results of operation and financial condition.

Any mineral property in which Mundoro Capital holds an interest directly or indirectly, now or in the future, may be subject to unforeseen and unknown title defects.

A defect in the chain of title to any of the underlying properties in which Mundoro Capital may have an interest may arise to defeat the claim of the operator to a property. To the extent an owner or operator is not entitled to title on the property, it may be required to cease operations or transfer operational control to another party. As a result, known title defects, as well as unforeseen and unknown title defects may impact operations at a project in which Mundoro Capital has an interest and may result in a material and adverse effect on Mundoro Capital's profitability, results of operation and financial condition.

Any mineral property in which Mundoro Capital holds an interest directly or indirectly, now or in the future, may be exposed to risks of changing political attitudes and stability and ensuing changes in government regulation in the countries in which it holds its interests.

The properties in which Mundoro Capital or its affiliates may hold an interest may be located in multiple legal jurisdictions and political systems. There is sovereign risk in investing in foreign countries, including the risk that the resource concessions may be susceptible to revision or cancellation by new laws or changes in direction by the government in question. It is possible that changes in applicable laws, regulations, or changes in their enforcement or regulatory interpretation could result in adverse changes to mineral operations. These are matters over which Mundoro Capital has no control. There is no assurance that future political and economic conditions in such countries will not result in the adoption of different policies or attitudes respecting the development and ownership of resources. Any such changes in policy or attitudes may result in changes in laws affecting ownership of assets, land tenure and resource concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the ability to undertake exploration and development on the properties on which Mundoro Capital holds royalty or other interests. In certain areas in which Mundoro Capital has an interest, the regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of Mundoro Capital and such changes may result in a material and adverse effect on Mundoro Capital's profitability, results of operation and financial condition.

Any mineral property in which Mundoro Capital holds an interest directly or indirectly, now or in the future, may be subject to hazards and risks beyond the control of Mundoro Capital.

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and Mundoro Capital may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Mundoro Capital.

Any mineral property in which Mundoro Capital holds an interest directly or indirectly, now or in the future, may be subject to changes in environmental laws and regulations that may adversely affect those operations.

Environmental laws and regulations may affect the operations of Mundoro Capital. Mundoro Capital minimizes these risks by complying with all applicable and international environmental, health and safety standards and regulations. 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. There is no assurance that future environmental regulations will not adversely affect Mundoro Capital's operations.

Mundoro Capital has no history of operations and there can be no assurance that it will be successful or profitable.

While many members of management have investment experience, there can be no assurance that Mundoro Capital's business will be successful or profitable or that Mundoro Capital will be able to successfully execute its business model and growth strategy. If Mundoro Capital cannot execute its business model and growth strategy, it may result in a material and adverse effect on Mundoro Capital's profitability, results of operation and financial conditions.

Mundoro Capital's Shares may experience price volatility.

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares will be subject to market trends generally, notwithstanding any potential success of Mundoro Capital in creating revenues, cash flows or earnings. The value of Mundoro Capital's common shares will be affected by such volatility.

Changes in the market price of commodities will affect the profitability of Mundoro Capital.

Mundoro Capital's revenues, if any, are expected to be in large part derived from the sale of natural resource assets. The price of natural resource assets fluctuates widely and is affected by factors beyond the control of Mundoro Capital 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 precious metals due to new mine developments, mine closures as well as advances in various production and use technologies of precious metals. All of these factors will have impacts on the viability of Mundoro Capital's exploration projects that are impossible to predict.

Mundoro Capital's financials may be subject to variations in currency and foreign exchange rates.

It is anticipated that Mundoro Capital's resource investments will be made in Canadian and US dollars and Mundoro Capital may also make resource investments denominated in other foreign currencies. Therefore, changes in currency exchange rates as well as associated transaction costs could adversely affect the value of the Company's resource investments during any period. In addition, the Company could also make investments in jurisdictions which may place restrictions on the repatriation of funds. The Company does not anticipate entering into hedging or derivative arrangements to manage its foreign exchange risk.

Increased competition for resource investments could adversely effect Mundoro Capital's ability to acquire additional resource investments.

The mining industry is competitive with many companies competing for the limited number of precious metal acquisition and exploration opportunities that are economic under current and foreseeable metals prices, as well as for available investment funds. With metal prices at their current levels, activity in the industry has increased dramatically. Many companies are engaged in the search for and the acquisition of mineral interests, and there is a limited supply of desirable mineral interests. The mineral exploration and mining business are competitive in all phases. Mundoro Capital may be at a competitive disadvantage in acquiring interests, whether by way of investment or otherwise, as many competitors have greater financial resources and technical staff. Accordingly, there can be no assurance that Mundoro Capital will be able to compete successfully against other companies in acquiring new mineral properties. Mundoro Capital's inability to acquire additional investments in mineral properties may result in a material and adverse effect on Mundoro Capital's profitability, results in operation and financial condition.

Mundoro Capital may experience difficulty attracting and retaining qualified management and technical personnel to efficiently operate its business.

The success of Mundoro Capital will be largely dependent on the performance of its management team. The loss of the services of these persons could have a materially adverse effect on Mundoro Capital's business and prospects. There is no assurance Mundoro Capital can retain the services of its officers or other qualified personnel required to operate its business.

There can be no assurance that Mundoro Capital will be able to obtain sufficient financing in the future to execute its business plan.

Mundoro Capital 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. There can be no assurance that Mundoro Capital will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further business activities and may result in a material adverse effect on Mundoro Capital's profitability, results of operation and financial condition. Mundoro Capital will require new capital to grow its business and there are no assurances that capital will be available when needed, if at all. It is likely that such additional capital will be raised through the issuance of additional equity, which will result in dilution to Mundoro Capital's shareholders.

Limited Number of Investments

The Maoling Gold Project operated and managed by Mundoro Mining currently constitutes the only investment for Mundoro Capital. The Company intends to participate in a limited number of investments and, as a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavourable performance of even a single investment. In addition, as the Company's investments are concentrated in the resource sector, the Company's performance will be disproportionately subject to adverse developments in the resource sector.

Certain of Mundoro Capital's directors serve in similar positions with other public companies, which might put them in a conflict position from time to time.

Certain of the directors of Mundoro Capital also serve as directors or officers, or have significant shareholdings in, other companies involved in mineral property investments and, to the extent that such other companies may participate in ventures which Mundoro Capital may participate in, a conflict may arise. In all cases where directors and officers have an interest in other companies, such other companies may also compete with Mundoro Capital for the acquisition of mineral property investments. Such conflicts of the directors and officers may result in a material and adverse effect on Mundoro Capital's profitability, results of operation and financial condition.

Any mineral property in which Mundoro Capital holds an interest directly or indirectly, now or in the future is subject to reserves and resources estimates based on interpretation and assumption and actual production may differ from amounts identified in such estimates.

The mineral reserves and resources identified on properties are estimates only, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of minerals will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change. Resource estimates in particular must be considered with caution. Resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill holes or other limited information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such resource estimates may require revision as more drilling or other exploration information becomes available or as actual production experience is gained. Further, resources may not have demonstrated economic viability and may never be extracted by the operator of a property. It should not be assumed that any part or all of the mineral resources on properties constitute or will be converted into reserves. Market price fluctuations of the applicable commodity, as well as increased production and capital costs or reduced recovery rates, may render the proven and probable reserves on properties unprofitable to develop at a particular site or sites for periods of time or may render reserves containing relatively lower grade mineralization uneconomic. Moreover, short-term operating factors relating to the reserves, such as the need for the orderly development of orebodies or the processing of new or different ore grades, may cause reserves to be reduced or not extracted. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require the operators to reduce their reserves and resources, which may result in a material and adverse effect on Mundoro Capital's profitability, results of operation and financial condition.

Any mineral property in which Mundoro Capital holds an interest directly or indirectly, now or in the future, may be subject to potential litigation.

Potential litigation may arise with respect to a property in which Mundoro Capital invests (for example, litigation between joint venture partners or original property owners). Mundoro Capital might not generally have any influence on the litigation nor will it necessarily have access to data. To the extent that litigation results in the cessation or reduction of production from a property (whether temporary or permanent), it could have a material and adverse effect on Mundoro Capital's profitability, results of operations and financial condition.

Other risk factors include issues relating to: results of prior exploration work; estimates of reserves and resources; economics of mine development; uninsurable risks; gold sales; currency repatriation and conversion; industry competition for resource investments and experienced management professionals; management performance and succession; price volatility of publicly traded securities; and the residency of directors and others.

21. Forward Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This management's discussion and analysis ("MD&A") and in particular the "Outlook" section, contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of August 11, 2009.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

The material assumptions that were applied in making the forward looking statements in this MD&A include: expectations as to the Company's future strategy and business plan; and execution of the Company's existing plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

22. Qualified Persons & Information concerning estimates of resources

The PFS described herein was prepared to broadly quantify the Maoling Zone 1 deposit's capital and operating cost parameters, and to further the development of the project. It was not prepared for use as a valuation of the deposits, nor should it be considered to be a final feasibility study. The information contained in the PFS reflects various technical and economic conditions at the time of writing that can change significantly over relatively short periods of time. Reserves quoted were prepared by AMEC Americas Ltd. under the direction and oversight of Mr. Mark Pearson P.Eng. of Vancouver, BC, an 'Independent Qualified Person' as defined by National Instrument 43-101. Resource estimation for the Zone 1 area in 2006 was carried out in the Brisbane, Australia office of Golder Associates Pty Limited, an international earth sciences consulting group under the direction and oversight of Dr. Andrew Richmond, MAusIMM, an 'Independent Qualified Person' as defined by NI43-101. The Zone 4 Resource Estimate (2001) was prepared by AMEC Americas and is reviewed in a technical report prepared by Peter Lewis, Ph.D., P.Geo,. NI43-101 compliant technical reports for the pre-feasibility study and all reserve and resource estimates have been filed on the SEDAR website at www.sedar.com. This management discussion and analysis of financial results used the terms "measured resources", 'indicated resources' and 'inferred resources'. The Company advises investors that although these terms are recognized and required by Canadian regulations (under National Instrument 43-101 Standards of Disclosure for Mineral Projects), the U.S. Securities and Exchange Commission does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, 'inferred resources' have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for Preliminary Assessment as defined under 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable. Mineral Resources that are not classified as mineral reserves do not have demonstrated economic viability.

MUNDORO CAPITAL

Consolidated Financial Statements and Notes
For the Fiscal Quarter Ended June 30, 2009

(Unaudited and expressed in United States Dollars – except as noted otherwise)

These financial statements have not been reviewed by the Company's auditors.

MUNDORO CAPITAL INC.
(an exploration stage company)
Consolidated Balance Sheets (Unaudited)
June 30, 2009 and December 31, 2008
(Expressed in United States Dollars)

	June 30 2009	December 31 2008
ASSETS		
Current assets		
Cash and cash equivalents (Note 11)	$ 13,396,956	$ 13,955,492
Accounts receivable	18,145	36,568
Prepaid expenses and deposits	28,040	127,921
	13,443,141	**14,119,981**
Mineral interests (Note 4)	100	100
Equipment and vehicles (Note 5)	62,317	78,969
Total Assets	**$ 13,505,558**	**$ 14,199,050**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 197,515	$ 111,635
Compensation liabilities (Note 7)	469,279	-
	666,794	111,635
Commitments (Note 8)		
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	35,873,603	35,873,603
Contributed surplus (Note 6(e))	7,228,518	7,228,518
Deficit	(31,951,557)	(30,702,906)
Accumulated other comprehensive income (Notes 2(f) and 13)	1,688,200	1,688,200
Total Shareholders' Equity	12,838,764	14,087,415
Total Liabilities and Shareholders' Equity	**$ 13,505,558**	**$ 14,199,050**

Nature of operations (Note 1)

Approved on behalf of the Board of Directors:

"Patrick Downey"	"Teo Dechev"
Patrick Downey	Teo Dechev

MUNDORO CAPITAL INC.

(an exploration stage company)

Consolidated Statements of Income (Loss), Comprehensive Income (Loss) and Deficit (Unaudited)

Six Months Ended June 30, 2009 and June 30, 2008

(Expressed in United States Dollars)

	3 months ended June 30 2009	3 months ended June 30 2008	6 months ended June 30 2009	6 months ended June 30 2008
Interest	$ 6,241	$ 122,014	$ 40,158	$ 283,987
Project management costs (Note 4)	93,899	94,038	161,514	268,498
Expenses				
Accounting and audit	50,403	68,723	78,330	187,005
Corporate communication and marketing	63,978	92,634	112,585	210,715
Corporate development	178,585	124,682	267,204	206,756
Corporate governance	157,954	94,188	243,387	178,626
Government and community relations	70,717	45,614	199,090	190,251
General and administrative	96,025	87,500	171,988	196,763
	617,662	513,341	1,072,584	1,170,116
Loss before Other Expenses	(705,320)	(485,365)	(1,193,940)	(1,154,627)
Other Expenses				
Amortization	2,597	4,666	5,604	9,586
Foreign exchange loss (gain)	(750,133)	(154,487)	(420,172)	(1,441,364)
Stock based compensation (Note 7)	238,935	-	469,279	169,375
	(508,601)	(149,821)	54,711	(1,262,403)
Income (Loss) and comprehensive income (loss) for the period	**(196,719)**	**(335,544)**	**(1,248,651)**	**107,776**
Deficit, beginning of period	(31,754,838)	(29,009,503)	(30,702,906)	(29,452,823)
Deficit, end of period	$ (31,951,557)	$ (29,345,047)	$ (31,951,557)	$ (29,345,047)
Loss per basic share	$ (0.005)	$ (0.009)	$ (0.03)	$ 0.003
Weighted average shares outstanding:				
Basic	38,340,301	38,644,061	38,340,301	38,644,061

MUNDORO CAPITAL INC.

(an exploration stage company)

Consolidated Statements of Income (Loss) and Comprehensive (Loss) for the Period (Unaudited)

Six Months Ended June 30, 2009 and June 30, 2008

(Expressed in United States Dollars)

	3 months ended June 30 2009	3 months ended June 30 2008	6 months ended June 30 2009	6 months ended June 30 2008
Income (Loss) for the period	(196,719)	(335,544)	(1,248,651)	107,776
Effect of exchange rate changes	-	(74,001)	-	(1,814,261)
Loss and Comprehensive Loss for the Period	$ (196,719)	$ (409,545)	$ (1,248,651)	$ (1,706,485)

MUNDORO CAPITAL

MUNDORO CAPITAL INC.

(an exploration stage company)

Consolidated Statements of Cash Flows (Unaudited)

Six Months Ended June 30, 2009 and June 30, 2008

(Expressed in United States Dollars)

	3 months ended June 30 2009	3 months ended June 30 2008	6 months ended June 30 2009	6 months ended June 30 2008
Cash flows provided by (used in) operating activities				
Loss and comprehensive loss for the year	$ (196,719)	$ (335,544)	$ (1,248,651)	$ 107,776
Adjustments for items not involving cash:				
- amortization	4,969	18,408	16,652	30,759
- stock-based compensation	238,935	-	469,279	169,375
	47,185	(317,136)	(762,720)	307,910
Change in non-cash working capital:				
- Accounts receivables	(11,709)	(24,912)	18,423	54,356
- Prepaid expenses and deposits	83,895	(78,390)	99,881	(55,234)
- Accounts payable and accrued liabilities	48,501	114,005	85,880	(5,910)
	167,872	(306,433)	(558,536)	301,122
Cash flows used in investing activities				
Acquisition of equipment	-	-	-	(551)
	-	-	-	(551)
Effect of exchange rate changes on cash and cash equivalents	-	(76,718)	-	(1,791,673)
Decrease in cash and cash equivalents	167,872	(383,151)	(558,536)	(1,491,102)
Cash and cash equivalents, beginning of period	13,229,084	17,266,417	13,955,492	18,374,368
Cash and cash equivalents, end of period	$ 13,396,956	$ 16,883,266	$ 13,396,956	$ 16,883,266

1. Nature of Operations

Mundoro Capital Inc. (the "Company" or "MCI") is an exploration and investment company for the resources sector.

The Company was incorporated on March 6, 2008 under the Company Act of The Province of British Columbia for the purpose of acquiring all shares of Mundoro Mining Inc. ("MMI") which is now a wholly owned subsidiary of the Company, through a Plan of Arrangement. For comparative reporting purposes, this transaction has been accounted for as a continuity of interests. MMI is in the business of exploration and development of the Maoling Gold Property in China. MMI was incorporated on January 10, 1997 under the Business Corporations Act of Yukon, Canada and on November 30, 2000, MMI registered as an extra-provincial company under the Company Act of the Province of British Columbia and effective on June 14, 2005, MMI continued as a corporation in the province of British Columbia.

Trading of the Company's common shares on the Toronto Stock Exchange ("TSX") commenced on April 23, 2008 in the name of Mundoro Capital Inc. in substitution for trading of the common shares of MMI which commenced trading on November 25, 2003 on the Toronto Venture Exchange and graduated to the TSX on March 9, 2004.

2. Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") and reflect the following significant accounting policies:

(a) Consolidation

These consolidated financial statements include the accounts of the Company, MMI and MMI's 79% owned joint venture company, Liaoning Tianli Mining Company Ltd. ("Tianli"), incorporated on August 31, 2001 in Liaoning, China. The minority interest (21%) is $ nil as it represents only the profit sharing and working interest. As at June 30, 2009, MMI's joint venture is still in the exploration stage and has not generated any revenue. Inter-company accounts and transactions have been eliminated.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the year. Significant areas requiring the use of management estimates include the collectability of amounts receivable, the fair value of financial instruments, the rates of amortization, the determination of environmental and asset retirement obligations, the impairment in value of resource properties, amounts of accrued liabilities, valuation allowance for future tax assets and determination of the variables used to calculate stock-based compensation. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

(c) Mineral Interests

The Company follows the practice of expensing all exploration, development and project management costs until a production decision is made to put the deposit into production.

(expressed in United States Dollars – except as noted otherwise)

2. Significant Accounting Policies (continued)

(d) Cash Equivalents

Cash equivalents as at June 30, 2009 and December 31, 2008 included short-term money market instruments which had a term to maturity of 90 days or less when acquired.

(e) Equipment and Vehicles

Equipment and vehicles are carried at cost. Amortization is provided at the following annual rates:

Vehicles	30% Declining balance
Computer	30% Declining balance
Furniture and fixtures	20% Declining balance
Office equipment	20% Declining balance
Leasehold improvements	5 years straight-line

(f) Foreign Currency Translations

In January 2009, the Company and MMI adopted the US dollar as the functional currency of measurement, carrying forward the translated balance and accumulated other comprehensive income in the consolidated balance sheet as at December 31, 2008. For the accounts of the six months ended June 30, 2009, monetary assets and liabilities are converted at the period end exchange rate; other assets and liabilities have been recorded at the exchange rates prevailing at the date of transaction. Revenue and expense items, except for amortization, are recorded at the exchange rate on the date of the transaction. Amortization is recorded using the exchange rate prevailing at the dates of acquisition. Gains and losses from foreign currency conversion are included in the statements of operations.

For consolidation with the accounts of Tianli, MMI translated 100% of Tianli's amounts from Chinese Yuan (Renminbi) to US dollars using the temporal method for consolidation with MMI's accounts, as follows: monetary items such as cash, accounts receivable, accounts payable and accrued liabilities at the exchange rate in effect at the applicable balance sheet date; non-monetary items such as equipment and vehicles, amortization and share capital items at the transaction's historical exchange rate; and revenue and expense items at the average exchange rate for the period. Any unrealized gains and losses using the temporal methods of translation have been recorded as foreign exchange loss or gain in MMI's consolidated statement of operations and deficit.

MMI's consolidated accounts are in US$. These accounts are then consolidated with MCI's accounts which are also in US$, to produce the consolidated accounts for the Company.

(g) Stock Based Compensation and Other Stock Based Payments

The Company follows the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments."

The value of all stock options awarded must be determined by the application of the fair value method. CICA 3870 provides alternative methods of transition for the adoption of the fair value method and, as permitted, the Company has elected the prospective application method, which allows the fair value method to be applied to awards granted, modified or settled for fiscal years beginning on or after January 1, 2003 to employees and directors and on or after January 1, 2002 to consultants.

(g) Stock Based Compensation and Other Stock Based Payments (continued)

The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the market price of the Company's common shares and an expected life of the options.

The CICA Handbook Sections 3870.38 - 3870.40 further provides that the Company should measure compensation cost for awards that call for settlement in cash or other assets. The compensation cost is the amount by which the quoted market price of the shares covered by the grant exceeds the strike price specified. Changes, either increases or decreases, in the quoted market price between the date of grant and the measurement date result in a change in the measure of compensation. Awards that call for settlement in cash or other assets is an indexed liability, and the measurement date is the settlement (exercise) date because it is consistent with accounting for similar liabilities. The Company incurs a liability because it is compelled to settle the award by cash or other assets rather than by issuance of equity instruments.

(h) Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury method. The treasury method assumes that proceeds received from the exercise of stock options and warrants are used to repurchase common shares at the prevailing market price. For the Company, diluted earnings (loss) per share is equal to the basic earnings (loss) per share because common share equivalents consisting of options to acquire common shares that are outstanding for the periods presented are anti-dilutive; however, they may be dilutive in the future.

(i) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more-likely-than not that it can be realized.

(j) Asset Retirement Obligations and environmental liabilities

The Company follows CICA Handbook Section 3110 "Asset Retirement Obligations", requiring that the fair value of liabilities for asset retirement obligations be recognized in the year in which they are incurred. A corresponding increase to the carrying amount of the related asset, where one is identifiable, will be recorded and amortized over the life of the asset, using a systematic and rational method. Subsequent to initial measurement, the asset retirement obligations are adjusted to reflect year-to-year changes in liability.

(k) Revenue Recognition

Interest income on cash and cash equivalents is recognized on an accrual basis.

3. Adoption of New Accounting Policies

(a) Current Changes in Accounting Policies

(i) Capital Disclosures

The Company implemented CICA Handbook Section 1535 (Capital Disclosures). Section 1535 specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Disclosures required by this standard are included in Note 10.

(ii) Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

The Company implemented CICA Handbook Sections 3862 (Financial Instruments – Disclosure) and 3863 (Financial Instruments – Presentation), which replaced section 3861 Financial Instruments – Disclosures and Presentation. These new standards revise and enhance the disclosure requirements, and carry forward, substantially unchanged, the presentation requirements. Sections 3862 and 3863 emphasize the significance of financial instruments for the entity's financial position and performance, the nature and extent of the risks arising from financial instruments, and how these risks are managed. Disclosures required by this standard are included in Note 11.

(iii) Assessing Going Concern

CICA Handbook Section 1400 was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has reviewed the requirements and concluded that they do not affect the Company's financial statements.

(iv) EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which clarifies that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The adoption of this EIC did not have an impact on the Company's financial statements.

(v) EIC-174, Mining Exploration Costs

In March 2009, the EIC of the CICA issued EIC-174, Mining Exploration Costs, which provides guidance on capitalization on exploration costs related to mining properties. EIC-174 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements. The adoption of this EIC did not have an impact on the Company's financial statements.

3. Adoption of New Accounting Policies (continued)

(b) Future Changes in Accounting Policies

(i) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. During the six months ended June 30, 2009, the Company commenced the scoping and planning phase of its changeover plan. The Company has evaluated different sources of information to develop an effective plan and will continue to assess the sources and training requirements as the project progresses. The Company has identified the following four phases of its conversion plan: scoping and planning, detailed assessment, operations implementation and post implementation. The operations implementation phase for IFRS compliant financial data will commence to support the opening balance sheet at January 1, 2010, fiscal 2010 and thereafter. Post implementation will include sustainable IFRS compliant financial data and processes for fiscal 2011 and beyond. The Company will continue to monitor changes in IFRS throughout the duration of the implementation process and assess their impacts on the Company and its reporting.

(ii) Business Combinations

In January 2009, the CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interests. These sections replace the former CICA Handbook Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

(expressed in United States Dollars – except as noted otherwise)

1. Mineral Interests and Project Management Costs

(a) Mineral Interests:

On June 10, 2001, MMI 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 and formed the Liaoning Tianli Mining Company Limited Joint Venture ("TJV"). Pursuant to the Cooperative Joint Venture Agreement, MMI is required to fund all work on the mining project ("Maoling Project").

MMI has satisfied its obligations to date under the Cooperative Joint Venture Agreement. At June 30, 2009, the cumulative registered capital contributions amounted to $2,780,000 (December 31, 2008 - $2,780,000). In addition, MMI had advanced loans in cash of $789,200 and expenditures incurred of $13,272,509.

On August 31, 2005, the TJV's business license was not renewed by the authorities in Liaoning. Management has received no explanation for the delay, and MMI is in communication with the appropriate government authorities for the renewal of this license.

Under Chinese mining laws and regulations, exploration licenses have a three year term and have two two-year extensions. The TJV's exploration license for Maoling expired on November 5, 2005, at the end of the first two-year extension. The Ministry of Land and Resources of China deferred the grant of the exploration license to the TJV pending the renewal of the business license.

(b) Project Management Costs

The Company follows the practice of expensing all exploration, development and project management costs until a production decision is made to put the deposit into production. Project management costs incurred in the first six months of 2009 amounted to $161,514 (2008 - $268,498) are detailed below:

	3 months ended Jun 30 2009	3 months ended Jun 30 2008	6 months ended Jun 30 2009	6 months ended Jun 30 2008	Accumulated Total
Project Management Costs					
Engineering	$23,971	$59,592	$45,457	$179,609	3,534,706
Environmental	44,687	17,303	60,870	44,201	1,135,770
Geological	25,241	17,143	55,187	44,688	3,956,101
	$93,899	$94,038	$161,514	$268,498	8,626,577

The engineering costs include fees paid to engineering consultants and others retained for services of an engineering, metallurgical, and geotechnical nature. The environmental costs include fees paid to consultants for the environment and social impact assessment ("ESIA") study and other environmental studies completed. The geological costs include fees paid for services of a geological nature. The total accumulated project management costs incurred to date amounts to $8,626,577 (December 31, 2008 - $8,465,063).

5. Equipment and Vehicles

	June 30, 2009	June 30, 2008
Cost:		
Computers	$75,116	$ 89,727
Furniture and fixtures	28,965	34,599
Office equipment	114,117	134,885
Vehicles	144,992	173,196
Leasehold improvements	14,870	17,762
	378,060	450,169
Less: Accumulated amortization	(315,743)	(323,990)
Net book value	$62,317	$ 126,179

6. Share Capital

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

(b) Issued and fully paid common shares:

	Shares	Amount
Balance at December 31, 2006	38,514,061	$35,954,791
Issued pursuant to exercise of stock options	130,000	142,500
Reclassification of contributed surplus on exercise of options		60,529
Balance at December 31, 2007	38,644,061	36,157,820
Cancelled pursuant to normal course issuer bid	(303,760)	(284,217)
Balance at December 31, 2008 & June 30, 2009	38,340,301	$35,873,603

(c) Normal Course Issuer Bid ("NCIB")

Pursuant to the NCIB program between May 29, 2008 and May 28, 2009, the company was permitted to purchase for cancellation up to a maximum of 1,933,203 shares, being 5% of its total issued and outstanding Common Shares, subject to a daily restriction of 9,190 Common Shares, being 25% of the average daily trading volume from December 2007 to May 2008. In accordance, the Company during the year ended December 31, 2008 purchased 303,760 common shares on the Toronto Stock Exchange at an average price of $0.27 (C$0.33) per share for cancellation. No Common Share was repurchased in the first six months of 2009. The NCIB program expired on May 28, 2009.

(d) Exchange Rate

The option prices referred to in Notes 6(e) and 7 are contractually denominated in Canadian dollars. The prices have been translated to US dollars at the following exchange rates for the purpose of presenting their value: for Q2 2009 at C$1 = US$0.9152 and for Q2 2008 at C$1 = US$1.00, the exchange rate on the date of grant.

(expressed in United States Dollars – except as noted otherwise)

6. Share Capital (continued)

(e) Stock Options

In 2005, the Company amended and restated its 2004 Stock Option Plan ("2004 Plan") whereby the maximum number of shares issuable under the 2004 Plan is a rolling number equal to 15% of the issued and outstanding common shares at the time of grant, provided that no more than 7,000,000 common shares will be available under the 2004 Plan without the Company first obtaining shareholder approval. The Company's 2004 Stock Option Plan was not renewed at the 2008 Annual General Meeting.

At the Company's 2009 Annual General Meeting, the shareholders approved a new stock option plan for the Company's directors, officers, employees and consultants ("2009 Plan") whereby the maximum number of shares issuable under the 2009 Plan is a rolling number equal to 4.9% of the issued and outstanding common shares at the time of grant. No more than a maximum of 1,878,675 will be available under the 2009 Plan without the Company first obtaining shareholder approval. Upon approval of the 2009 Plan, the Company cancelled 1,787,335 unvested restricted share units (Note 7) and granted 1,876,701 stock options in June 2009.

The tables below are a summary of the of options granted under the 2004 Plan and 2009 Plan as at June 30, 2009 and the changes during the two previous years:

2004 Plan	Options	Weighted Average Exercise Price
Options outstanding at **December 31, 2006**	4,411,000	$ 1.75
Exercised	(130,000)	$ 1.10
Cancelled	(962,500)	$ 1.50
Granted	2,350,000	$ 1.15
Options outstanding at **December 31, 2007**	5,668,500	$ 1.57
Granted	100,000	$ 0.90
Cancelled	(5,118,500)	$ 1.57
Options outstanding at **December 31, 2008**	650,000	$ 1.53
Expired	(150,000)	$1.41
Options outstanding at Jun 30, 2009	500,000	$1.56

2009 Plan	Options	Weighted Average Exercise Price
Options outstanding at **December 31, 2008**	-	-
Granted	1,876,701	$ 0.52
Options outstanding at June 30, 2009	1,876,701	$ 0.52

(expressed in United States Dollars – except as noted otherwise)

6. Share Capital (continued)

(e) Stock Options (continued)

A summary of stock options outstanding as at June 30, 2009 is as follows:

Stock Option Plan	Number Outstanding	Remaining Contractual Life (years)	Exercise Price	Number Exercisable	Exercise Price
2004 Plan	100,000	0.46	$0.90	-	-
2004 Plan	100,000	0.47	$0.74	-	-
2004 Plan	300,000	1.65	$2.06	300,000	$2.06
2009 Plan	1,876,701	5.00	$0.52	-	-

The weighted average fair values of the options granted in 2009 and 2008 were estimated at $0.28 (C$0.30) and $0.35 (C$0.35) respectively, by using the *Black-Scholes Option Pricing Model* with the following weighted average assumptions:

	June 30, 2009	June 30, 2008
Risk-free interest rate	1.84%	3.08%
Dividend yield	0.00%	0.00%
Price volatility	81.68%	105.45%
Expected lives (in years)	3	0.9
Number of common shares	1,876,701	100,000
Exercise price	$0.52	$0.90
Calculated fair value per share	$0.28	$0.35

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

(f) Contributed Surplus

Balance, December 31, 2006	**$2,957,833**
Amount expensed in the year	1,806,089
Amount exercised in the year	(60,529)
Amount reclassified from unexercised warrant	2,123,527
Balance, December 31, 2007	**6,826,920**
Amount expensed in the year	201,069
Amount contributed from shares bought back in the year	200,529
Balance, December 31, 2008 & June 30, 2009	**$ 7,228,518**

(g) Warrants

On September 18, 2008, the Company entered into a consulting agreement with ALG Consultants, and as partial consideration under the agreement, the Company proposes to issue 2,000,000 common share purchase warrants ("Warrants") to ALG Consultants, subject to all necessary approvals. Each Warrant will be exercisable into one common share of the Company at a price of $0.37 (C$0.40) per share upon the restoration of Tianli's business license within 12 months from signing the consulting agreement.

(expressed in United States Dollars – except as noted otherwise)

7. Stock Based Compensation

2004 and 2009 Stock Option Plans

During the first six months of 2009, the Company charged nil (2008 - $169,375) of stock based compensation of options granted and vested under the Company's 2004 stock option plan to operations in respect of services below with offset credit to contributed surplus:

	June 30, 2009	June 30, 2008
For services in respect of:		
Accounting and audit	-	$ 42,344
Corporate communication and marketing	-	$ 42,344
Corporate development	-	$ 84,687
Total	**-**	**$169,375**

Restricted Share Unit Plan

In October 2008, the Company established a Restricted Share Unit ("RSU") Plan for its directors, officers, employees and consultants ("Participants"). Under the RSU Plan, a Participant can elect to receive a Payout Amount in cash or common shares acquired by the Company in the market equal to the cash value. The Payout Amount is calculated as the difference in value of the common shares of Mundoro Capital from the date of grant to the date of exercise. All RSUs vest in three tranches: the first tranche on January 1 of the first year following the grant, the second tranche on January 1 of second year following the grant, and the third tranche on January 1 of third year following the grant. All vested RSU's expire on December 31 of the year of vesting.

The following is the summary of restricted share units granted since the establishment of the RSU Plan:

	Number of units granted	Weighted average grant price	Number of units vested
Balance at Dec. 31, 2007			
Granted in exchange for cancelling options held by the participants under the Company's 2004 Plan	3,793,500	0.18	1,254,500
Granted	300,000	0.15	100,000
Balance at Dec. 31, 2008	4,093,500	0.18	1,354,500
Granted	125,000	0.38	-
Cancelled in exchange for options under the Company's 2009 Plan	(1,787,335)	0.19	-
Balance at June 30, 2009	2,431,165	0.18	

Vested RSU's were marked to market on June 30, 2009, and as a result of the increase in the market value of the Company's shares, $469,279 was debited to stock based compensation in respect of services as below with credit to the Company's compensation liabilities:

	June 30, 2009	June 30, 2008
For services in respect of:		
Project management costs	$9,744	-
Accounting and audit	$31,526	-
Corporate communication and marketing	$2,866	-
Corporate development	$119,799	-
Corporate governance	$171,215	-
Government and community relations	$134,129	-
Total	**$469,279**	**-**

(expressed in United States Dollars – except as noted otherwise)

8. Commitments

Office Lease

MMI has a lease for office space in Vancouver for a term up to and ending June 30, 2013. MMI also has a lease for office space in Beijing, China for a term up to and ending September 20, 2009. MMI pays base rent and its proportionate share of the operating costs. The obligations remaining under these leases are as follows:

	Vancouver	Beijing	Total
2009	$ 40,682	$ 5,806	$ 46,488
2010	81,364	-	81,364
2011	81,364	-	81,364
2012	81,364	-	81,364
2013	40,682	-	40,682
Total	$ 325,456	$ 5,806	$ 331,262

9. 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:

	June 30, 2009	June 30, 2008
Canada	$13,470,488	$ 17,153,473
China	35,070	77,312
	$13,505,558	$ 17,230,785

10. Management of Capital Risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity and cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets to adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including but not limited to source and use of capital and general industry conditions.

The Company expects its current capital resources will be sufficient to carry its exploration, development and investment plans and operations through the current operating period.

11. Financial Instruments

The Company has designated its cash, cash equivalents and deposits as held-for-trading; amounts receivable as loans and receivables; and accounts payable and accrued liabilities as other liabilities.

(a) Fair Value

The carrying values of cash, cash equivalents, deposits, amounts receivables, and accounts payable and accrued liabilities approximated their fair values due to the relatively short period to maturity of those financial instruments. The fair value of cash equivalents is recorded as cost plus accrued interest.

The fair value of financial instruments at June 30, 2009 and June 30, 2008 are summarized as follows:

	June 30, 2009		June 30, 2008	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial Assets				
Held-for-trading US$				
Cash	$13,396,956	$13,396,956	$16,883,266	$16,883,266
Deposits	19,759	19,759	22,150	22,150
Loans and receivable				
Amounts receivable	18,145	18,145	73,035	73,035
Financial Liabilities				
Accounts payable and accrued liabilities	116,815	116,815	239,241	239,241

(b) Financial Risk Management

Currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and China and a portion of its expenses is incurred in Chinese Yuan (Renminbi) and US dollars, while the financial reporting currency is in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar and Chinese Yuan could have an effect on the Company's result of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

	June 30, 2009	June 30, 2008
Amount on deposit denominated in Canadian dollars	$9,296,237	$12,207,898
Amount on deposit denominated in US dollars	$4,088,796	$4,663,356
Amount on deposit denominated in Chinese Yuan	$11,923	$12,012

11. Financial Instruments (continued)

(b) Financial Risk Management (continued)

Credit risk

The Company is exposed to credit risk with respect to its cash, cash equivalents and amounts receivable. Cash and cash equivalents have been placed with a large international financial institution. Other amounts receivable are primarily amounts owing from government agencies. The Company does not have any asset-backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances.

Interest Rate Risk

Interest rate risk consists of two components:

i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(expressed in United States Dollars – except as noted otherwise)

12. Income Taxes

	2008	2007
Future income tax assets:		
Losses and resource pools	$ 6,243,000	$ 6,926,000
Share issuance costs	73,000	188,000
Other	37,000	27,000
Total future income tax assets	6,353,000	7,141,000
Less valuation allowance:	(6,353,000)	(7,141,000)
Net future income tax assets	-	-

The reconciliation of income taxes at the statutory rate to the income tax expense (recovery) is as follows:

	2008	2007
	$	$
Loss before income taxes	(1,250,000)	(6,437,000)
Expected tax expense (recovery) at 31% (2007-34.12%)	(388,000)	(2,196,000)
Increase (reduction) in income taxes resulting from:		
Stock-based compensation	57,000	712,000
Expiry of losses	75,000	130,000
Foreign exchange rate and tax rate differences	326,000	471,000
Non-taxable foreign exchange gain (loss)	295,000	588,000
Change in valuation allowance	(788,000)	314,000
Other	423,000	(19,000)
Income tax expense	-	-

Future income tax assets include losses and resource expenditures incurred by the Tianli Joint Venture. The ability of the Company to realize these amounts is dependent upon the renewal of their business license and the granting of their exploration license (Note 4(a)).

The Company's Canadian non-capital loss carry-forwards and Chinese net operating loss carry-forwards totaling approximately $9,301,000 (2007-$9,806,000) expire between 2009-2028, and are available to reduce future taxable income.

In the event loans made by MMI to the Tianli Joint Venture are deemed to be non-compliant with the Peoples' Republic of China Foreign Exchange Regulations, the loans could be considered to be on account of income and taxable at the Joint Venture level. Currently, there are sufficient non-capital losses and resource tax pools available to offset these amounts.

(expressed in United States Dollars – except as noted otherwise)

13. Accumulated Other Comprehensive Income

Accumulated other comprehensive income is comprised of the following:

	June 30, 2009	Dec 31, 2008
Accumulated other comprehensive income, beginning of period/year	$1,688,200	$4,996,737
Effect of period/year exchange rate changes	-	(3,308,537)
Accumulated other comprehensive income, end of period/year	$1,688,200	$1,688,200

14. Comparative Figures

Certain 2008 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2009.