MUNDORO CAPITAL

Management Discussion and Analysis
For the Year Ended December 31, 2009

1. Introduction

Mundoro Capital Inc. (the "Company" or "Mundoro Capital"), is a Canadian based, mineral exploration, development and investment company. Mundoro Mining Inc. ("Mundoro Mining" or "MMI") is a wholly owned subsidiary of the Company. The following management's discussion and analysis ("MD&A"), prepared as of March 19, 2010, is to be read in conjunction with the audited Consolidated Financial Statements for December 31, 2009 and December 31, 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

For 2009, the Company focused on: (i) MMI's efforts to renew the business license for its Chinese joint venture company, Tianli Liaoning Mining Company ("Tianli"), which has existed outstanding since August 2005, through improving the technical and environmental understanding of the Maoling Gold Project in order to assist in the renewal of Tianli's business license; and (ii) evaluate new projects for the Company for the purpose of acquiring new assets.

On December 31, 2009, the Company is in a financially strong position with $12,134,801 in cash.

Considerable effort was made in 2009 to update earlier understanding of the technical and environmental aspects of the Maoling project as it relates to evolving Chinese government mining and environmental regulations. The effort focused on revising the processing plant circuit, the tailings storage facility and the water management for the Maoling Gold Project.

As part of the evolving Chinese regulatory framework, particularly with respect to cyanide management and Chinese tailings regulations, Mundoro commissioned Ausenco International Pty Ltd ("Ausenco") and Golder Associates ("Golder") to prepare a series of studies related to the Maoling Gold Project processing plant and waste storage facilities. The Ausenco study, completed in the fourth quarter of 2009, dealt with a modification to the process flowsheet to incorporate a flotation circuit. The optimized test work on the flotation and Carbon in Leach ("CIL") route achieved an overall recovery of 89%. This was comprised of 94% recovery to a flotation concentrate representing 8% of the feed tonnage and with the subsequent cyanidation of that concentrate gave 95% recovery, yielding an overall gold recovery of 89%, close to the 90% recovery previously achieved using no flotation. By incorporating the flotation circuit, the use of cyanide was reduced on a kilogram per tonne of ore basis.

Ausenco carried out an estimate of comparative capital costs and operating costs for the revised flowsheet, comprising an identical front end of crushing, grinding and gravity circuits, but with the addition of a simple bulk flotation circuit and a smaller CIL and cyanide destruction circuit. The capital cost estimate showed a small reduction compared to the original gravity-CIL circuit previously studied in 2007. The operating cost estimate showed a 25% reduction due mainly to the significant savings in cyanide consumption and the consequent reductions in cyanide destruction reagents.

The first of the Golder studies was to redesign the tailings storage facilities to reflect the flotation–CIL flowsheet completed by Ausenco. Mundoro also commissioned Golder to design the overall waste storage and water management plans for Maoling and to work with Chinese design institutes to draft a report on the environmental considerations for mine development in the Maoling area and how the development plan pertains to Chinese government mining and environmental regulations and international practices.

The Golder study for the waste storage facilities planned for Maoling demonstrates the flotation tailings could be stored in an unlined tailings storage facility as there is no cyanide in the flotation tailings. Only the CIL tailings, <10%

of the mass, will require storage in a lined storage facility. Both tailings facilities are designed to be operated as closed circuit facilities and the CIL facility in addition would be zero release with flood event storage capacity exceeding Chinese regulatory requirements. A surface water and groundwater management plan has been designed by Golder for the construction, operation and closure phases of the Maoling project. This will minimize potential effects on downstream surface water systems.

These Golder studies, completed in the fourth quarter 2009, have been evaluated by three Chinese design institutes, in the context of Chinese environmental and mining regulations and in comparison with Chinese and international examples as related to downstream water storage issues, a key issue for Maoling. As part of the evaluation, the Chinese design institutes completed in January 2010 a report titled "A Study on Yushi Reservoir Water Source Protection Zoning and Analysis of Impact of Maoling project on Water Source Protection" which concluded that Maoling can be developed in a sustainable and responsible manner with no significant impact on the downstream water storage facilities supplying Yingkou City and Dalian City.

During 2009, Mundoro announced changes in the board and management whereby Ms. Teo Dechev, who was the Company's President and Chief Financial Officer ("CFO") since 2006, was appointed Chief Executive Officer ("CEO") and President of the Company and Acting CFO, to replace Mr. van Doorn as CEO. Mr. John Hoey, who is an independent director of the Company, was appointed Chairman of the Company, to replace Mr. van Doorn as Chairman and thereby split the roles of Chairman and CEO. During the third quarter a claim was filed with the Supreme Court of British Columbia against the Company by Mr. Van Doorn regarding employment matters. The Company is defending the claim. The matter is pending and the outcome is indeterminable at this time. During the fourth quarter the Company hired a General Manager for the Maoling Gold Project who is based in Liaoning province to manage local technical work and communicate with the local Chinese government. The addition of a General Manager is an important step for the Company to manage local Chinese relationships. The new General Manager joins the Company with over 20 years of industry experience in China, eight of which have been working with foreign companies operating in the resource sector in China.

Subsequent to the year end, Mundoro added to the management team a contract Chief Financial Officer for the Company to commence March 2010. Mr. Blacketor is a Certified Public Accountant with over 17 years experience in the mining industry. Most recently, Mr. Blacketor has served as Vice-President, Chief Financial Officer and Secretary of Metallica Resources Inc. for 11 years, a company listed for trading on Amex and the TSX. Previous to Metallica, Mr. Blacketor served as Chief Financial Officer of MinCorp Ltd., and held senior management positions with Pincock, Allen & Holt, Inc. and Touche, Ross & Co. Mr. Blacketor holds a Bachelors Degree in Business Administration from Indiana University and a Masters Degree in Business Administration from Colorado State University.

3. Business Description

The Company owns a 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. 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.

Maoling 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

Maoling Reserves*		
Tonnes (millions)	Grade (Au g/t)	Contained Gold (million ozs)
Zone 1 Pre-Feasibility Probable Reserves		
88.8	1.0	2.8

* National Instruments 43-101 compliant
** Measured & Indicated Resource includes Measured Resource of 4 million tones grading 1.31 g/t

The Maoling project was earmarked by the Chinese government for development and foreign investment as early as 1994, when the State Council approved a report identifying it as one of 10 deposits to be made available for international participation. Maoling was again presented as one of 16 alternative exploration districts to be opened to foreign investors by the Ministry of Land and Resources at the 1999 "China Mining Conference" in Dalian city. Encouraged by these invitations to participate in the project together with the national policy of opening up mineral resource development to foreign-funded companies, Mundoro conducted a project assessment and began partnership discussions with a company controlled on behalf of the provincial government of Liaoning by the Geological and Exploration Bureau, Liaoning Aidi Resources Company Ltd. ("Aidi"). The formal co-operative joint venture ("JV") agreement, where Mundoro has rights to a 79% interest in the JV and Aidi has a 21% interest, was finalized in 2001, resulting in the formation of Tianli to manage the project. The exploration license for the project, covering an area of approximately 20 square kilometers, was transferred to Tianli in 2002.

Licensing and Government Relations

Tianli's business license was granted in August 2001 and the exploration license was transferred to Tianli on April 2002. Tianli's business license was not renewed on August 31, 2005. Tianli's exploration license for Maoling expired on November 5, 2005, and was not capable of being renewed because Tianli did not have a renewed business license.

Mundoro has conveyed the economic and environmental merits of Maoling to various levels of the provincial and national government in China and has written to and sought the support of the provincial government requesting a resolution. As a result of Mundoro's efforts with the City of Yingkou, Maoling's development was discussed at their People's Congress meeting in 2007. At the national level, Mundoro has met with the Ministry of Land and Resources ("MOLAR") and Ministry of Finance and Commerce ("MOFCOM") in Beijing to discuss the issue. From the Canadian perspective, Mundoro has communicated with the Canadian Embassy in Beijing and the Canadian government in Ottawa to seek their assistance in communicating with the Chinese government regarding Tianli's business license and exploration license. Both the Canadian Embassy and the Canadian government have raised the issue with their Chinese counterparts in official government meetings.

In August 2007, Mundoro received written notice from its Chinese partner, Aidi, that from their perspective, both parties should meet to discuss whether the termination of co-operation and whether additional expenses are warranted at that time. In a response to Aidi, Mundoro stressed the purpose of the cooperation continued to be development of the Maoling deposit in compliance with all applicable laws and policies as well as international environmental standards.

In January 2010, the Company delivered to senior officials in the Liaoning government a report titled "A Study on Yushi Reservoir Water Source Protection Zoning and Analysis of Impact of Maoling project on Water Source Protection" prepared for the Company by three Chinese design institutes. In response to that report, on March 16, 2010 Mundoro received a letter dated February 22, 2010 from Aidi, suggesting that the parties immediately negotiate to terminate the Maoling Project and liquidate the joint venture company. The reasons cited for the proposed termination and liquidation are that current Chinese environmental and drinking water regulations make it impossible for the joint venture company to conduct mining activities at Maoling. Mundoro does not intend to terminate the joint venture and liquidate the joint venture company. The Company believes the work completed to date by its Chinese and international engineering firms and environmental consultants demonstrates that the project can be developed in a sustainable and responsible manner with no significant impact on the downstream water storage facilities supplying Yingkou City and Dalian City.

Technical and Environmental Work History

2005

In June, a pre-feasibility study for Maoling was completed and filed on SEDAR which demonstrated the economic viability of developing a large-scale open-pit mine for Zone 1 on the Maoling property. In December, an integrated technical team of Chinese and Western engineering firms and environmental experts were engaged to optimize the mine and mill design and to complete a feasibility study for Maoling. The companies engaged on the feasibility work are: Golder for resource modeling and estimation, mine and tailings facility design, hydrology and geotechnical studies; Ausenco, for managing the overall feasibility study and for process design and engineering; the China Nonferrous Engineering and Research Institute ("ENFI"), based in Beijing, to complete the Chinese feasibility work; and BGRIMM to work with Golder on the Environmental and Social Impact Assessment ("ESIA") process.

2006

In February, a revised resource estimate for Zone 1 was finalized by Golder. This study incorporated all drilling data used in previous estimates and also the results from 48 diamond core holes (12,800 metres) drilled in 2005. The 2005 drilling program was focused primarily on in-fill drilling to maximize the indicated resource to be considered in the feasibility study. The 2006 estimate includes a modest volume of material, 4 million tonnes grading 1.31 grams gold per tonne using a cut-off grade of 0.5 grams gold per tonne, in the north central part of Zone 1 that has been classified as a measured resource. Mundoro completed in August and submitted to MOLAR for formal review a resource estimate report based on Chinese government guidelines and regulations. This report was prepared by locally qualified firms Beijing Jiaote Mineral Technology Co. Ltd. and Sinosteel Tianjin Geological Academy Co. Ltd. with the input of the Liaoning Geological Exploration Bureau to be compliant to Chinese reporting requirements and is pending acceptance contingent on the restoration of the business license.

<u>2007</u>

In March, a report titled "Research on Countermeasure of Protection of Water Environment for Maoling Gold Mine Project" was issued by Tsinghua University in Beijing indicating the Maoling deposit may be developed in a safe and responsible manner without detrimental impact on the environment in the region. Beijing General Research Institute of Mining and Metallurgy "BGRIMM" completed a framework report in April for the environmental planning and evaluation process for Maoling.

<u>2008</u>

In January, Ausenco provided a draft interim report to the Company on the status of the feasibility study which remains incomplete. 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.

<u>2009</u>

In May a further report titled "A Technical Evaluation Study on Production Process of the Maoling Gold Project" was issued by Guojie Senior Professors Science and Technology Consultation and Development Academy, Department of Environmental Science and Engineering, Tsinghua University in Beijing indicating Maoling can be developed as per the feasibility study and treated in China as an example of an eco-industrial system for the gold industry.

Mundoro completed three key reports: in the fourth quarter of 2009 (i) a report by Ausenco on the use of revised processing plant circuit from that of the 2005 Pre-Feasibility Study to now use a combination processing circuit of gravity, flotation and Carbon in Leach ("CIL") for the Maoling ore; and (ii) a report by Golder to provide revised tailings storage facility design from that of the 2005 Pre-Feasibility Study as a result of the revised processing plant circuit; and in January 2010 (iii) a report by Golder and three Chinese design institutes on the environmental considerations for mine development in the Maoling area and how that pertains to Chinese government mining and environmental regulations.

Community Relations

With the support of the Gaizhou County government (which is under the City of Yingkou and is the closest town to Maoling), Mundoro implemented a community relations program to spend RMB 1.2 million (US$160,000) over a three year period to fund educational, health and sanitation development in Gaizhou County. From the community relations program, Mundoro has contributed approximately RMB750,000 to the community for the upgrade of the Kuangdonggou Medical Clinic and educational contributions to the middle school in the form of computers, equipment and supplies. The remaining RMB450,000 will be contributed by the end of September 2010.

4. FINANCIAL HIGHLIGHTS

The Company's loss for the current year was $4,725,783 ($0.12 per share) as compared to a loss of $1,250,083 ($0.03 per share) for 2008. The 2009 loss was attributable to the following:

- Expenditures for Maoling project management activities of $518,670 in 2009, as compared to $484,615 in 2008.
- Expenditures for corporate expenses of $2,061,368, as compared to $1,834,451 in 2008.
- Foreign exchange loss of $637,748, as compared to a foreign exchange gain in 2008.
- Stock-based-compensation of $1,546,874 (including $1,034,126 restricted share units exercised for cash), as compared to $201,069 in 2008.
- Amortization of $10,943, as compared to $17,847 in 2008.
- Interest income of $49,820, as compared to $437,381 in 2008.

The Company ended the year with $12,134,801 in cash and cash equivalents.

5. Summary Of quarterly Results

The following quarterly information is prepared in accordance with Canadian GAAP. The Company's measurement currency is the Canadian dollar and its reporting currency is the U.S. dollar.

US$000's, except per share data	**Q4/09**	**Q3/09**	**Q2/09[(3)]**	**Q1/09[(3)]**	**Q4/08**	**Q3/08**	**Q2/08**	**Q1/08**
Interest Income	$5	$5	$6	$34	$65	$88	$122	$162
Project Management Costs	298	59	94	68	109	107	94	174
Corporate Expenses [(1)]	546	443	618	455	294	370	513	657
Other Expenses (Income)[(2)]	1,095	425	592	84	3,490	(2,859)	(150)	(1,113)
Income (Loss) for the Period	(1,934)	(922)	(1,298)	(573)	(3,828)	2,470	(335)	443
Income (Loss) per Share, Basic and Fully Diluted	$(0.05)	$(0.02)	$(0.03)	$(0.01)	$(0.10)	$0.06	$(0.01)	$0.01

(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).
(3) During 2009, the Company restated the financial statements for the three months ended March 31, 2009 and the six months ended June 30, 2009 to be consistent with the method of foreign currency translation used for consolidation in periods prior to January 2009.

The primary factors that cause fluctuations in the Company's quarterly results include the timing of stock option grants, mark-to-market adjustments on restricted share units and foreign exchange gains or losses that principally result from Canadian dollar exchange rate fluctuations when translating the Company's U.S. dollar denominated cash balances into its Canadian dollar functional currency.

The increase in 4Q 2009 net loss principally resulted from mark-to-market adjustments on restricted share units totaling $745,731 due to an increase in the Company's share price during 4Q 2009 from C$0.60 at September 30, 2009 to C$1.23 at December 31, 2009.

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

6. Result Of Operations

The following annual information is prepared in accordance with Canadian GAAP. The Company's measurement currency is the Canadian dollar and its reporting currency is the U.S. dollar.

	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Interest Income	$49,820	$437,381	$855,954
Project Management Costs	518,670	484,615	1,267,079
Corporate Expenses			
Accounting and Audit	240,390	310,057	279,707
Corporate Communication and Marketing	231,107	333,090	436,678
Corporate Development	462,278	316,431	186,103
Corporate Governance	415,831	252,237	338,625
Government and Community Relations	317,116	290,919	813,718
General and Administrative	394,646	331,483	510,635
Total Corporate Expenses	2,061,368	1,834,217	2,565,466
Other Expenses			
Amortization	10,943	17,847	39,746
Foreign Exchange Loss (Gain)	637,748	(850,284)	1,614,702
Stock-based-Compensation	1,546,874	201,069	1,806,089
Total Other Expenses (Income)	2,195,565	(631,368)	3,460,537
Income (Loss) for the Year	$(4,725,783)	$(1,250,083)	$(6,437,128)
Income (Loss) per Share, Basic and Fully Diluted	$(0. 12)	$(0.03)	$(0. 17)
Total Assets	$12,285,116	$14,199,050	$18,773,805
Total Long Term Liabilities	$102,639	Nil	Nil
Cash Dividends per Share	Nil	Nil	Nil

The Year Ended December 31, 2009 compared to the Year Ended December 31, 2008

The Company's loss for the current year was $4,725,783 ($0.12 per share), an increase of $3,475,700 when compared to the prior year loss of $1,250,083 ($0.03 per share). The increase in loss in 2009 is attributable to the following:

- The Company's corporate expenses for the current year were $2,061,368 which was comparable to $1,834,217 of corporate expenses incurred in the preceding year. The increase in 2009 was principally due to a $163,594 increase in corporate governance costs due to additional director fees, travel, expenses and four additional board meetings in 2009, as well as legal costs associated with employment and compensation related matters. In addition, corporate development costs increased by $145,847 in 2009 due to management time allocated to corporate development activity in China and the evaluation of projects outside of China. These cost increases were partially offset by decreases in marketing expenditures in the current year, and deceases in accounting fees due to the Company's reorganization in 2008.
- The Company incurred a foreign exchange loss of $637,748 in 2009 as compared to a foreign exchange gain of $850,284 in 2008. The increase in foreign exchange loss in 2009 principally results from a strengthening of the Canadian dollar relative to the U.S. dollar during 2009 as compared to a weakening of the Canadian dollar relative to the U.S. dollar during 2008.
- Stock-based-compensation in 2009 increased by $1,345,805 when compared to the preceding year due to mark-to-market adjustments on restricted share units. The Company's share price increased during 2009 from C$0.26 at December 31, 2008 to C$1.23 at December 31, 2009. In 2Q 2009, the Board requested that all directors and senior management voluntarily cancel those restricted share units (RSUs) that had previously been issued but had not vested. Subsequently, certain directors and management voluntarily cancelled 1,787,335 RSU's at exercise prices ranging from C$0.19 to C$0.49 per share and held collectively by those directors and management in exchange for 1,876,701 stock options in the Company at an exercise price of C$0.57 per share. These directors and management concluded that it was prudent to replace restricted share units with stock options since the Company would not have to pay cash upon exercise of stock options. At December 31, 2009, 340,001 restricted share units held by employees remain outstanding.
- Interest earned on cash and cash equivalents decreased by $387,561 in 2009 due to lower outstanding average cash balances and significantly lower interest rates in the current year.

7. Feasibility Study and ESIA Activities

The Feasibility Study commenced in December 2005 and has to date accumulated costs of $3,512,614 under Ausenco's supervision as project manager. The Environmental & Social Impact Assessment Study has to date accumulated costs of $1,391,767. The feasibility study has been essentially completed, and 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.

8. Financial Condition, Liquidity And Capital Resources

The Company's principal source of liquidity as at December 31, 2009 is cash and cash equivalents of $12,134,801 (December 31, 2008 – $13,955,492).

The Company considers it has sufficient funds to cover current commitments such as completion of a feasibility study and a full ESIA for the development of Maoling upon renewal of Tianli's business license. Additional funds would be required to complete construction at Maoling. The Company would then plan to explore appropriate financing routes 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 new project acquisitions or joint venture or project investments, the Company will carefully consider the implications of such investments against the Company's need for cash to sustain current activity. Although the intent would be 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 the Company. Decisions with respect to financing alternatives will be made at the time of a new project acquisition or at time of production decision for Maoling.

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.

9. SHARE CAPITAL

A detailed summary of the Company's share capital is included in Note 6 of the Notes to the Audited Consolidated Financial Statements for the year ended December 31, 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 except that the balance of outstanding options under the 2009 plan is reduced from 1,850,451 options to 1,745,451 options after forfeiture of 105,000 options in February 2010.

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 interest rate risk with respect to its cash, cash equivalents and accounts receivable. A majority of cash and cash equivalents have been placed with a large international financial institution. Other accounts receivable represent 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, 2009 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 year. Significant areas requiring the use of management estimates include the collectability of accounts 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") will be filed with the British Columbia, Alberta and Ontario securities commissions on March 31, 2010, and will be available on SEDAR at www.sedar.com.

16. INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted high-quality standards, namely, International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The effective implementation date of the conversion from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is January 1, 2011, with an effective transition date of January 1, 2010 for financial statements prepared on a comparative basis. The Company is engaged in an assessment and conversion process which includes consultation with external consulting firms and expects to be ready for the conversion to IFRS in advance of January 1, 2011.

The Company's approach to the conversion to IFRS includes three phases.

- Phase one, an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS, was completed in 2009.
- Phase two, an in depth analysis of the impact of those areas identified under phase one is expected to be completed in the second quarter of 2010.
- Phase three, the implementation of the conversion process, through the preparation of the opening balance sheet as at January 1, 2010, will be carried out in the second half of 2010.

At this point, the Company's IT, accounting and financial reporting systems are not expected to be significantly impacted. Further, the Company has in place internal and disclosure control procedures to ensure continued effectiveness during this transition period.

Based on the review undertaken under Phase One and the work completed to date under Phase Two, the Company believes that IFRS will have limited impact on its current financial position. At the same time, IFRS will likely require more extensive disclosure and analysis of balances and transactions in the notes to the financial statements. The specific accounting areas the Company has focused its analysis on are outlined below together with the more salient issues under each area.

Key Area	Canadian GAAP (applied by the Company)	IFRS	Analysis and preliminary conclusions
Property plant and equipment	PP&E is recorded at historical cost	PP&E can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models	PP&E will likely continue to be recorded at their historical costs due to the complexity and resources required to determine fair values on an annual basis
	Depreciation is based on their useful lives after due estimation of their residual values	Depreciation must be based on the useful lives of each significant component within PP&E	Based on an analysis of PP&E's significant components and their useful lives, it is unlikely that changes to their useful lives and, therefore, depreciation rates and expenses, will be required
Mineral properties	Exploration, evaluation and development costs are expensed when incurred	IFRS has limited guidance with respect to these costs and currently allows exploration and evaluation costs to be either capitalized or expensed	The existing accounting policy is likely to be maintained
Stock-based-compensation	Stock-based-compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards and the intrinsic model for cash-settled awards	Stock-based-compensation is determined using fair value models for all awards. However, upon settlement, cash-settled awards are adjusted to the value actually realized (intrinsic model)	The determination of the value of stock-based-compensation for share appreciation rights and deferred share units, both cash-settled awards, will change and likely be more volatile under a Black-Scholes model until the awards are settled

The above comments should not be considered as a complete list of changes that will result from the transition to IFRS as the Company's analysis is still in progress and no final determinations have been made where choices of accounting policies are available. In addition, the accounting bodies responsible for issuing Canadian and IFRS accounting standards have significant ongoing projects that could impact the Company's financial statements as at January 1, 2011 and in subsequent years, including projects regarding income taxes, financial instruments and joint venture accounting. In addition, there is an extractive industries project currently underway that will lead to more definitive guidance on the accounting for exploration and evaluation expenditures, but this is still in the discussion paper stage and may not be completed for some time. The Company is continuing to monitor the development of these projects and will assess their impact in the course of its transition process to IFRS.

17. Business Combinations

In January 2009, the CICA issued 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 has concluded, based on its 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 subsidiaries, is made known to them by others within both entities. It should be noted that while the Company believes that the disclosure controls and procedures provide a reasonable level of assurance and that they are effective, it does 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 Company is responsible for designing internal controls over financial reporting or causing them to be designed under the supervision of the CEO and CFO 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 the Annual Information Form which has 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 members of management have relevant 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 is in the process of evaluating as a strategic investment and/or holds an interest directly or indirectly in an exploring, developing and/or operating mineral property now or in the future.

Exploration, development and operation of a mineral property 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 Company is required to have a wide variety of permits from government and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. The owners and operators of the properties in which Mundoro Capital holds an interest require licenses and permits from various governmental authorities in order to conduct their operations. Future changes in such licenses and permits could have a material adverse impact on the revenue Mundoro Capital derives. Such licenses 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 licenses 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 licenses, or to maintain permits and licenses 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. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. In addition, certain types of operations require the submission of environmental impact statements and approval by government authorities. Environmental legislation is evolving towards stricter standards, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. The Company's business may be affected by amendments or changes to environmental laws, regulations and requirements in the host country. At any time, a number of draft environmental laws may be proposed. It is not possible to predict when or if a draft environmental bill will be enacted into law or what the final provisions of such law will be, if enacted. It is possible that the host country government will issue further decrees or otherwise attempt to modify existing environmental rights or other laws affecting the Company, its properties and its ability to operate in the host country. Any changes to host country environmental law may adversely affect the Company's ability to develop and operate its properties in the host country. 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'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 favorable. 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.

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 is in the process of evaluating as a strategic investment and/or holds an interest directly or indirectly in an exploring, developing and/or operating mineral property now or in the future (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 March 19, 2010.
- 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 Pre-Feasibility Study 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 Year Ended December 31, 2009

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

These financial statements have been audited by the Company's auditors.

Ernst & Young LLP
Chartered Accountants
Pacific Centre
700 West Georgia Street
P.O. Box 10101
Vancouver, British Columbia V7Y 1C7
Tel: 604 891 8200
Fax: 604 643 5422
ey.com/ca

AUDITORS' REPORT

To the Shareholders of
Mundoro Capital Inc.

We have audited the consolidated balance sheets of **Mundoro Capital Inc.** as at December 31, 2009 and 2008 and the consolidated statements of loss and deficit, loss and comprehensive loss and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Vancouver, Canada,
March 15, 2010.

Chartered Accountants

MUNDORO CAPITAL INC.
(an exploration stage company)

Consolidated Balance Sheets
December 31, 2009 and 2008

(Expressed in United States Dollars)

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 12,134,801	$ 13,955,492
Accounts receivable	35,453	36,568
Prepaid expenses	32,337	109,502
Deposits	18,377	18,419
	12,220,968	**14,119,981**
Mineral interests (Note 4)	100	100
Equipment and vehicles (Note 5)	64,048	78,969
Total Assets	**$ 12,285,116**	**$ 14,199,050**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 397,944	$ 111,635
Current portion of compensation liabilities (Note 7)	167,673	-
	565,617	111,635
Long term compensation liabilities (Note 7)	102,639	-
SHAREHOLDERS' EQUITY		
Share capital (Note 6 (b))	35,873,603	35,873,603
Contributed surplus (Note 6 (e))	7,470,954	7,228,518
Deficit	(35,428,689)	(30,702,906)
Accumulated other comprehensive income (Note 14)	3,700,992	1,688,200
Total Shareholders' Equity	11,616,860	14,087,415
Total Liabilities and Shareholders' Equity	**$ 12,285,116**	**$ 14,199,050**

Nature of operations (Note 1)
Commitments (Note 8)
Contingencies (Note 15)
Segmented information (Note 9)
Subsequent events (Note 16)

Approved by the Directors:

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

MUNDORO CAPITAL INC.
(an exploration stage company)

Consolidated Statements of Loss and Deficit
Years Ended December 31, 2009 and 2008

(Expressed in United States Dollars)

	2009	2008
Interest	$ 49,820	$ 437,381
Project management costs (Note 4 (b))	518,670	484,615
Expenses		
Accounting and audit	240,390	310,057
Corporate communication and marketing	231,107	333,090
Corporate development	462,278	316,431
Corporate governance	415,831	252,237
Government and community relations	317,116	290,919
General and administrative	394,646	331,483
	2,061,368	1,834,217
Loss before other expenses	2,530,218	1,881,451
Other Expenses		
Amortization	10,943	17,847
Foreign exchange loss (gain)	637,748	(850,284)
Stock based compensation (Note 7)	1,546,874	201,069
Loss for the year	**(4,725,783)**	**(1,250,083)**
Deficit, beginning of year	(30,702,906)	(29,452,823)
Deficit, end of year	$ (35,428,689)	$ (30,702,906)
Loss per basic share	$ (0.12)	$ (0.03)
Weighted average shares outstanding:		
Basic	38,340,301	38,562,238

MUNDORO CAPITAL INC.
(an exploration stage company)

Consolidated Statements of Loss and Comprehensive Loss
Years Ended December 31, 2009 and 2008

(Expressed in United States Dollars)

	2009	2008
Loss for the year	$ (4,725,783)	$ (1,250,083)
Effect of exchange rate changes	2,012,792	(3,308,537)
Comprehensive Loss for the Year	$ (2,712,991)	$ (4,558,620)

MUNDORO CAPITAL INC.
(an exploration stage company)

Consolidated Statements of Cash Flows
Years Ended December 31, 2009 and 2008

(Expressed in United States Dollars)

	2009	2008
Cash flows provided by (used in) operating activities		
Loss for the year	$ (4,725,783)	$ (1,250,083)
Adjustments for items not involving cash:		
- amortization	24,356	60,188
- loss on disposal of equipment	1,240	14,430
- stock-based compensation	1,546,874	201,069
	(3,153,313)	(974,396)
Change in non-cash working capital:		
- decrease in accounts receivable	1,115	90,823
- decrease (increase) in prepaid expenses	77,165	(48,465)
- decrease in deposits	42	13,515
- increase (decrease) in accounts payable and accrued liabilities	286,309	(133,516)
	(2,788,682)	(1,052,039)
Cash flows used in financing activities		
Restricted Share Units exercised for cash	(1,034,126)	-
Proceeds used to buy back shares	-	(83,688)
	(1,034,126)	(83,688)
Cash flows used in investing activities		
Acquisition of equipment	-	(1,822)
	-	(1,822)
Effect of exchange rate changes on cash and cash equivalents	2,002,117	(3,281,327)
Decrease in cash and cash equivalents	(1,820,691)	(4,418,876)
Cash and cash equivalents, beginning of year	13,955,492	18,374,368
Cash and cash equivalents, end of year	$ 12,134,801	$ 13,955,492

1. Nature of Operations

Mundoro Capital Inc. (the "Company" or "MCI") is an exploration, development and investment company in the resource 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 December 31, 2009, MMI's joint venture 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 GAAP 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 December 31, 2008 included short-term money market instruments which had a term to maturity of 90 days or less when acquired. The Company did not have any cash equivalents as at December 31, 2009.

(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

The functional currency of the Company and each of its subsidiaries is the Canadian dollar. For consolidation purposes Tianli's accounts are translated from Chinese Yuan (Renminbi) to Canadian dollars ("C$") using the temporal method 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 yearly average rate that produces substantially the same reporting currency amounts that would have resulted had the underlying transactions been translated on the dates they occurred. Any unrealized gains and losses arising from the temporal method of translation have been recorded as foreign exchange gain or loss in MMI's consolidated statement of operations and deficit.

MMI's consolidated accounts are then consolidated with MCI's accounts in C$. MCI's consolidated accounts in C$ are then translated from C$ to US dollars ("US$") using the current rate method in accordance with the guidance of the Emerging Issue Committee (EIC) Abstract No. 130, *Translation Method when the Reporting Currency Differs from the Measurement Currency or there is a Change in the Reporting Currency*, as follows: assets and liabilities at the exchange rate in effect at the applicable balance sheet date and revenue and expense items at the average exchange rate for the period. Unrealized gains and losses resulting from the translation are accumulated in Accumulated Comprehensive Income, a separate component of shareholders' equity.

(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 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 Company accounts for forfeitures as they occur.

2. Significant Accounting Policies (continued)

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

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. The Company does not record an expense for its unvested awards that are forfeited.

(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.

3. Adoption of New Accounting Policies

(a) Current Changes in Accounting Policies

(i) 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.

(ii) EIC-174, 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.

(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 official changeover date will apply for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The effective 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.

(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)

4. 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"). On August 31, 2005, the TJV's business license was not renewed by the authorities in Liaoning. The TJV's exploration license for Maoling expired on November 5, 2005. 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. Mundoro Mining is in communication with the appropriate government authorities for the renewal of this license.

In August 2007, Mundoro received written notice from its Chinese partner, Aidi, that from their perspective, both parties should meet to discuss whether the termination of co-operation and whether additional expenses are warranted at that time. In a response to Aidi, Mundoro stressed the purpose of the cooperation continued to be development of the Maoling deposit in compliance with all applicable laws and policies as well as international environmental standards.

At December 31, 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 incurred expenditures of $13,732,782 on project management and general administration.

(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 year of 2009 amounted to $518,670 (2008 - $484,615) are detailed below:

	2009	2008	Accumulated Total
Project Management Costs			
Engineering	$105,004	$109,149	$3,594,253
Environmental	316,867	119,641	1,391,767
Geological	96,799	255,825	3,997,713
Total	$518,670	$484,615	$8,983,733

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 $8,983,733 (December 31, 2008 - $8,465,063).

5. Equipment and Vehicles

	2009			2008		
	Cost	**Accumulated Amortization**	**Net Book Value**	**Cost**	**Accumulated Amortization**	**Net Book Value**
Computers	$84,546	$71,799	$12,747	$75,116	$57,761	$17,355
Furniture and fixtures	33,569	24,649	8,920	28,964	19,000	9,964
Office equipment	131,951	107,133	24,818	114,116	85,027	29,089
Vehicles	168,039	152,452	15,587	144,992	126,179	18,813
Leasehold improvements	17,233	15,257	1,976	20,337	16,589	3,748
Total	$435,338	$371,290	$64,048	$383,525	$304,556	$78,969

6. Share Capital

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

(b) Issued and fully paid common shares:

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 & December 31, 2009	38,340,301	$35,873,603

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

The NCIB program expired on May 28, 2009. 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 common 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. During the year ended December 31, 2008, the Company 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 shares were repurchased in 2009.

Exchange Rates

The option prices referred to in Notes 6(d) and 7 are contractually denominated in Canadian dollars. Exercise prices for stock options granted are reflected in U.S. dollars at exchange rates in effect on the date of grant. Exercise prices for stock options exchanged, expired and forfeited are reflected in U.S. dollars at historical exchange rates. The restricted share unit liability is revalued on the balance sheet date using the period end exchange rate.

(d) 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 Plan was not renewed at the 2008 Annual General Meeting.

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

6. Share Capital (continued)

(d) Stock Options (continued)

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 voluntarily 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 December 31, 2009 and the changes during the two previous years:

2004 Plan	Options	Weighted Average Exercise Price
Options outstanding at December 31, 2007	5,668,500	$1.57
Granted	100,000	$0.90
Exchanged for restricted share units under the Restrict Share Units Plan	(5,118,500)	$1.57
Options outstanding at December 31, 2008	650,000	$1.53
Expired	(350,000)	$1.07
Options outstanding at December 31, 2009	300,000	$2.06

2009 Plan	Options	Weighted Average Exercise Price
Options outstanding at December 31, 2008	-	-
Granted	1,876,701	$0.49
Forfeited	(26,250)	$0.49
Options outstanding at December 31, 2009	1,850,451	$0.49

A summary of stock options outstanding as at December 31, 2009 is as follows:

Stock Option Plan	Number Outstanding	Remaining Contractual Life (Years)	Exercise Price	Number Exercisable	Exercise Price
2004 Plan	300,000	1.15	$2.06	300,000	$2.06
2009 Plan	1,850,451	4.50	$0.49	-	-

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

6. Share Capital (continued)

(d) Stock Options (continued)

Vesting terms of the 2009 options include 50% of the options vesting on January 01, 2010 and the remaining 50% of the options vesting on January 01, 2011. The weighted average fair values of the options granted in 2009 and 2008 were estimated at $0.26 (C$0.30) and $0.35 (C$0.35) respectively, by using the *Black-Scholes Option Pricing Model* with the following weighted average assumptions:

	2009	**2008**
Risk-free interest rate	1.84%	3.08%
Dividend yield	0.00%	0.00%
Price volatility	81.43%	105.45%
Expected lives (in years)	3	0.9
Number of common shares	1,850,451	100,000
Exercise price	$0.49	$0.90
Calculated fair value per share	$0.26	$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.

(e) Contributed Surplus

Balance at 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 at December 31, 2008	7,228,518
Amount expensed in the year	242,436
Balance at December 31, 2009	$7,470,954

(f) Warrants

On September 18, 2008, the Company entered into a consulting agreement with ALG Consultants, and as partial consideration under the agreement, the Company agreed to issue 2,000,000 common share purchase warrants ("Warrants") to ALG Consultants, subject to all necessary approvals and certain other conditions. Each Warrant was 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. As Tianli's business license was not restored within the term of the consulting agreement, the consulting agreement expired in September 2009.

7. Stock-Based Compensation

2004 and 2009 Stock Option Plans

In 2009, the Company charged $242,436 (2008 - $201,069) of Stock-Based Compensation for options granted and vesting under the Company's 2009 stock option plan (2008 – 2004 stock option plan) to operations with respect to the services summarized below, and a corresponding change to contributed surplus:

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

7. Stock-Based Compensation (continued)

	2009	2008
	Under 2009 Stock Option Plan	Under 2004 Stock Option Plan
For services in respect of:		
Accounting	$16,049	$50,268
Corporate governance	150,726	-
Corporate communication and marketing	-	50,267
Corporate development	32,099	100,534
Government relations	43,562	-
Total	$242,436	$201,069

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 equally in three tranches: the first tranche on January 1 of the first year following the grant, the second tranche on January 1 of the second year following the grant, and the third tranche on January 1 of third year following the grant. Vesting is subject to the participant being employed by the Company on the date of vesting. All vested RSUs, if unexercised, are deemed exercised on December 31 of the year of vesting.

In Q2 2009, certain directors and management voluntarily cancelled 1,787,335 RSUs at exercise prices ranging from C$0.19 to C$0.49 per share and held collectively by the directors and management in exchange for 1,876,701 stock options in the Company at an exercise price of C$0.57 per share. At December 31, 2009, 340,001 RSUs held by employees remain outstanding.

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

	Number of units granted /cancelled/forfeited /exercised	Weighted average grant price	Number of units vested
Balance at December 31, 2007	-	-	-
Granted in exchange for cancelling options held by the participants under the Company's 2004 Plan	3,793,500	$0.18	1,264,497
Granted	300,000	0.15	100,000
Balance at December 31, 2008	4,093,500	0.18	1,364,497
Granted	125,000	0.38	-
Exchanged for options under the Company's 2009 Plan	(1,787,335)	0.19	-
Exercised for cash	(1,364,497)	0.18	(1,364,497)
Forfeited	(726,667)	0.18	-
Balance at December 31, 2009	340,001	$0.18	-

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

7. Stock-Based Compensation (continued)

All RSUs that vested in 2009 were exercised for cash in 2009 .

The following table is a summary of the payment in cash for RSUs exercised during the year and the increase in market price as at December 31, 2009 for RSUs vesting on January 1, 2010 and 2011 and charged to stock-based compensation. The increase in market value of unexercised RSUs is charged to the Company's compensation liabilities.

	RSU's exercised for cash in calendar Year 2009	RSU's vesting on January 1, 2010 & 2011
For services in respect of:		
Project management costs	$11,947	$45,052
Accounting and audit	71,287	53,003
Corporate communication and marketing	5,149	13,251
Corporate development	224,579	79,503
Corporate governance	461,233	-
Government and community relations	259,931	79,503
Total	**$1,034,126**	**$270,312**

8. Commitments

Office Lease

MMI has a lease for office space in Vancouver through June 30, 2013. Subsequent to year end, MMI and the landlord terminated the lease agreement for office space in Vancouver as described in Note 16. MMI has a lease for office space in Beijing, China through September 20, 2010. MMI pays base rent and its proportionate share of operating costs. As of December 31, 2009, the obligations under these leases are as follows:

	Vancouver	Beijing	Total
2010	$90,042	$15,170	$105,212
2011	90,042	-	90,042
2012	90,042	-	90,042
2013	45,021	-	45,021
Total	$315,147	$15,170	$330,317

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

9. Segmented Information

The Company has two operating segments: the exploration and development of the Maoling Gold Project in China and corporate administrative functions in Canada. The Company's segment assets and liabilities are as follows:

	Canada	China	Total
As at December 31, 2009			
Cash	$12,108,956	$25,845	$12,134,801
Accounts receivable	29,698	5,755	35,453
Prepaid expenses	32,288	49	32,337
Deposits	18,377	-	18,377
Equipment and vehicles	32,672	31,376	64,048
Mineral interests	-	100	100
Total	12,221,991	63,125	12,285,116
Accounts payable	396,776	1,168	397,944
Compensation liabilities	270,312	-	270,312
Shareholders' equity	$11,554,903	$61,957	$11,616,860

	Canada	China	Total
As at December 31, 2008			
Cash	$13,942,583	$12,909	$13,955,492
Accounts receivable	31,098	5,470	36,568
Prepaid expenses	109,434	68	109,502
Deposits	18,419	-	18,419
Equipment and vehicles	38,045	40,924	78,969
Mineral interests	-	100	100
Total	14,139,579	59,471	14,199,050
Accounts payable	109,588	2,047	111,635
Shareholders' equity	$14,029,991	$57,424	$14,087,415

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.

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

11. Financial Instruments

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

(a) Fair Value

At December 31, 2009 and December 31, 2008, the carrying values of cash, cash equivalents (no cash equivalents held at December 31, 2009, $4,050,265 held at December 31, 2008), deposits, accounts receivable, 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 which approximates its fair value.

(b) Financial Risk Management

Credit risk

The Company is exposed to credit risk with respect to its cash, cash equivalents and accounts receivable. Other amounts receivable are primarily amounts owing from government agencies. The Company does not have any asset-backed commercial paper.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as the majority of the amounts are held at a single international financial institution with strong investment-grade ratings by a primary rating agency. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	2009
Cash held in Canada	
At a large international financial institution	$12,108,791
Petty Cash	165
	12,108,956
Cash held in China	
At two major financial institutions	24,147
Petty Cash	1,698
	25,845
Total cash and cash equivalents	**$12,134,801**

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.

(b) Financial Risk Management (continued)

Interest risk (continued)

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

However, on the assumption of a +/-10% change in interest rates, the table below demonstrates the sensitivity of this impact on interest income.

If the interest rate increased by 10%, then this would have had the following impact:

	Increase in interest income (in USD)			
	USD	**CAD**	**RMB**	**Total**
December 31, 2009	$651	$1,771	$5	$2,427
December 31, 2008	$2,629	$17,195	$8	$19,832

If the interest rate decreased by 10%, then this would have had the following impact:

	(Decrease) in interest income (in USD)			
	USD	**CAD**	**RMB**	**Total**
December 31, 2009	$0	$(1,771)	$(5)	$(1,776)
December 31, 2008	$(2,629)	$(17,195)	$(8)	$(19,832)

The Company had the following balances in the three mentioned currencies as at December 31, 2009 and 2008 earning interest income at different interest rates:

	In Canadian $	**In US $**	**In Chinese ¥**
December 31, 2009			
Cash and cash equivalents	$9,304,588	$3,255,640	¥176,209
Rate to convert to $1.00 US	0.9515	1.00	0.1459
Interest rate per annum	0.20%	0.00%	0.20%
December 31, 2008			
Cash and cash equivalents	$1,144,953	$9,000,282	¥33,745
Rate to convert to $1.00 US	0.8210	1.00	0.1474
Interest rate per annum	1.80%	0.60%	0.60%

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.

(b) Financial Risk Management (continued)

Currency Risk (continued)

The Company had the following balances in the three mentioned currencies as at December 31, 2009 and 2008:

	In Canadian $	In US $	In Chinese ￥
December 31, 2009			
Cash and cash equivalents	$9,304,588	$3,255,640	￥176,209
Accounts receivable	$29,638	$1,650	￥39,451
Accounts payable and accrued liabilities	$291,522	$100,616	￥7,621
Rate to convert to $1.00 Canadian	1.00	1.0510	0.1533
Rate to convert to $1.00 US	0.9515	1.00	0.1459
December 31, 2008			
Cash and cash equivalents	$1,144,953	$9,000,282	￥33,745
Accounts receivable	$31,879	$5,077	￥37,119
Accounts payable and accrued liabilities	$20,214	$92,991	￥13,891
Rate to convert to $1.00 Canadian	1.00	1.218	0.1795
Rate to convert to $1.00 US	0.8210	1.000	0.1474

The following table demonstrates the sensitivity to a reasonably possible change in the CAD exchange rate, with all other variables held constant, of the Company's foreign currency loss (gain) (due to changes in the fair value of monetary assets and liabilities). It assumes a +/- 10% change of the CAD/USD exchange rate and CAD/RMB exchange rate for the years ended at December 31, 2009 and 2008. The sensitivity analysis is based on the Company's foreign currency financial instruments held as at December 31, 2009 and 2008.

If the CAD had strengthened against the USD by 10% and Renminbi by 10% then this would have had the following impact:

	Increase in foreign currency loss (gain) (in USD)
	Total
December 31, 2009	$293,313
December 31, 2008	$493,268

If the CAD had weakened against the USD by 10% and Renminbi by 10% then this would have had the following impact:

	Increase in foreign currency loss (gain) (in USD)
	Total
December 31, 2009	$(293,313)
December 31, 2008	$(493,268)

Financial Market Risk

As at December 31, 2009, 340,001 RSUs (Note 7) are outstanding which are marked-to-market, and vest equally on January 1 of 2010 and 2011. Once the vested RSUs are exercised, the Company is required to pay out the difference in value of its common shares from the date of grant to the date of exercise.

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

(b) Financial Risk Management (continued)

Financial Market Risk (continued)

If the share price of the Company had increased by 10%, then this would have had the following impact:

	Addition to RSU compensation liability (in USD)
	Total
December 31, 2009	$35,371
December 31, 2008	$4,435

If the share price of the Company had decreased by 10% then this would have had the following impact:

	Reduction to RSU compensation liability (in USD)
	Total
December 31, 2009	$(35,371)
December 31, 2008	$(4,435)

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.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is not exposed to significant other price risk.

12. Cash and Cash Equivalents

As at December 31, 2009, the balance of cash and cash equivalents is $12,134,801 (2008 - $13,955,492), consists of $12,134,801 in cash (2008 – $9,905,227) and $nil in cash equivalents (2008 - $4,050,265).

Cash equivalents include short-term money market investments that are readily convertible to cash with an original term to maturity of less than 90 days.

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

13. Income Taxes

Future income tax assets:

	2009	2008
Losses and resource pools	$ 7,199,000	$ 6,243,000
Share issuance costs	-	73,000
Other	43,000	37,000
Total future income tax assets	7,242,000	6,353,000
Less valuation allowance:	(7,242,000)	(6,353,000)
Net future income tax assets	-	-

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

	2009	2008
Loss for the year	$(4,726,000)	$(1,250,000)
Expected tax expense (recovery) at 30% (2008-31%)	(1,418,000)	(388,000)
Increase (reduction) in income taxes resulting from:		
Stock-based compensation	464,000	57,000
Expiry of losses	68,000	75,000
Foreign exchange rate and tax rate differences	(224,000)	326,000
Non-taxable foreign exchange gain (loss)	324,000	295,000
Change in valuation allowance	889,000	(788,000)
Other	(103,000)	423,000
Income tax expense	-	-

Future income tax assets include losses and resource expenditures incurred by the Tianli Joint Venture. The ability of the Tianli Joint Venture to realize these amounts is dependent upon the renewal of its business license and the granting of its exploration license (Note 4(a)). In addition, due to uncertainty as to the administrative practice of the Chinese authorities in their interpretation and enforcement of the People's Republic of China Corporate Income Tax Law and Regulations ("CITLR") for resource exploration entities, in the event that the Tianli Joint Venture's treatment of resource expenditures were to be challenged by the Chinese tax authorities, the resource expenditures may be treated as deductions in computing income for the period in which they were incurred and thus included in the Tianli Joint Venture's tax loss for the period, and the tax losses of certain prior years would have expired by December 31, 2009.

The Company's Canadian non-capital loss carry-forwards, approximately $10,912,000 and the Chinese net operating loss carry-forwards is approximately $1,459,000, totaling approximately $12,371,000 (2008-$9,301,000), expire between 2010 and 2029, and are available to reduce future taxable income.

In the event that loans made by MMI to the Tianli Joint Venture are deemed to be non-compliant under the Peoples' Republic of China Foreign Exchange Regulations, the loans could be included in the taxable income of the Tianli Joint Venture. In that event, the non-capital losses and resource tax pools in China as of the end of 2009 may be available to be applied against these amounts, which application is however subject to the Chinese tax authority's treatment of the resource expenditures and to the limitations on the carry forward period for tax losses under the CITLR.

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

14. Accumulated Other Comprehensive Income

Accumulated other comprehensive income is comprised of the following:

	2009	2008
Accumulated other comprehensive income, beginning of year	$1,688,200	$4,996,737
Effect of year exchange rate changes	2,012,792	(3,308,537)
Accumulated other comprehensive income, end of the year	$3,700,992	$1,688,200

15. Contingencies

A former officer and director of the Company filed a claim with the Supreme Court of British Columbia on August 25, 2009 against the Company and MMI for dismissal without cause as a director and officer of the Company. The claim is for compensation in lieu of 24 months plus compensation for vacation pay and participation in stock-based plans. The Company is defending the action and the outcome is indeterminable at this time.

16. Subsequent Events

(a) In February 2010, MMI and its landlord terminated its lease agreement as disclosed in Note 8 for lease of office space in Vancouver with effect from March 5, 2010. In February 2010, MCI signed a lease agreement for new office space in Vancouver for a term of 5 years ending March 31, 2015. The obligation under this lease is as follows:

2010	$25,496
2011	$33,995
2012	$36,313
2013	$37,086
2014	$37,086
2015	$9,271

(b) In January 2010, the Company delivered to senior officials in the Liaoning government a water source protection report prepared for the Company by three Chinese design institutes. In response to that report, on March 16, 2010 Mundoro received a letter dated February 22, 2010 from Aidi, suggesting that the parties immediately negotiate to terminate the Maoling Project and liquidate the joint venture company. The reasons cited for the proposed termination and liquidation are that current Chinese environmental and drinking water regulations make it impossible for the joint venture company to conduct mining activities at Maoling. The Company does not intend to terminate the joint venture and liquidate the joint venture company. The Company believes the work completed to date by its Chinese and international engineering firms and environmental consultants demonstrates that the project can be developed in a sustainable and responsible manner with no significant impact on the downstream water storage facilities. However, there are no assurances that the Company's efforts will be successful.