



MUNDORO CAPITAL

Management Discussion and Analysis
For the Fiscal Quarter Ended September 30, 2010



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 November 1, 2010, should be read in conjunction with the unaudited interim Consolidated Financial Statements for September 30, 2010 and September 30, 2009 and the related notes, and MD&A for the year ended December 31, 2009. The consolidated financial statements and the related notes have been 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

The Company continues to carefully evaluate new resource opportunities at the project level and the corporate level and weigh these opportunities against the value they would create for shareholders and the necessity to conserve cash in order to maintain current activity in China. The Company maintains a low share count of 38.3 million shares outstanding and is in a financially strong position with \$10,059,132 in cash and cash equivalents, and no debt at the third quarter of 2010.

In the third quarter of 2010, the Company continued discussions with various Chinese companies to structure a strategic partnership transaction that could, depending on milestones, result in the sale of the majority of the Maoling Gold Project. There are no assurances that these negotiations will be successful or that a transaction can be completed.

In response to the evolving mining and environmental regulations in China and lack of local understanding of environmental processes for the Maoling Gold Project, in the fourth quarter of 2009 and first quarter of 2010 Mundoro revised the processing plant circuit, the tailings storage facility and updated the water management plan for the Maoling Gold Project. Mundoro completed three key reports: (i) a report by Ausenco on the use of a 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 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 on the environmental considerations for mine development in the Maoling area and how that pertains to Chinese government mining and environmental regulations.

Although the Company made considerable effort to update the understanding of the technical and environmental aspects of the Maoling Gold Project as it relates to evolving mining and environmental regulations in China, and provided this information to its Chinese joint venture partner, Aidi, and senior officials in the Liaoning government, Mundoro received a letter in March 2010 and July 2010 from its Chinese joint venture partner, suggesting that the parties immediately negotiate to terminate the Maoling Gold Project and liquidate the joint venture company. The reasons cited for the proposed termination and liquidation are that current Chinese environmental regulations related to water and nature reserve zoning and make it impossible for the joint venture company, Tianli, to conduct mining activities at Maoling. Mundoro responded to the Aidi March 2010 Letter with a letter in March 2010 (“Mundoro March 2010 Letter”) explaining the reasons why Mundoro does not intend to terminate the joint venture or liquidate the joint venture company, which are based on the technical studies and review of the regulations, and presented a proposal for the renewal of the joint venture company’s business license in order to be allowed to complete the Feasibility Study and the ESIA in order to demonstrate the Maoling Gold Project could be developed in a sustainable and environmentally responsible manner. The Aidi July 2010 letter is in all material respects similar to the Aidi March 2010 Letter and did not address any of the points raised by Mundoro in its



response to the Aidi March 2010 Letter. Mundoro responded to the Aidi July 2010 Letter in August 2010 with a letter requesting to have an official board meeting to discuss Mundoro's proposal and again reiterating the Company believes the work completed to date by Chinese and international engineering and environmental firms demonstrates 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. To date, the Company has received no response to the Mundoro August 2010 Letter. The Company continues to evaluate legal alternatives in China; however, there is no assurance that the Company will be successful in any form of legal action with the Chinese government or the Chinese joint venture partner.

3. PROPERTY OVERVIEW

Prospective investors should carefully consider additional information such as the Annual Information Form and the Company's National Instruments 43-101 compliant technical reports: 2003 Maoling Technical Report (Lewis); 2004 Resource Estimate (AMEC); 2005 Pre-Feasibility Study (AMEC); and, 2006 Resource Estimate (Golder). The above documents have been filed on the SEDAR website at www.sedar.com.

The Company owns a 100% interest in Mundoro Mining Inc. 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 tonnes 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. In August 2007, March 2010 and July 2010, Mundoro received correspondence from Aidi, who suggested both parties should discuss the termination of the TJV. The Company responded to Aidi in September 2007, March 2010 and August 2010 explaining the reasons why Mundoro does not believe it is appropriate to terminate the joint venture or liquidate TJV. Mundoro has conveyed the economic and environmental merits of Maoling to various levels of the provincial and national governments in China. 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 the exploration license for Maoling. The Company is continuing its efforts to communicate with the Liaoning government regarding the status of Tianli and the future development of Maoling, all with a view to the ultimate restoration of the business license. However, there are no assurances that the Company will be successful.

Technical and Environmental Work History

2008

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.

2009

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 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 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 RMB 1.0 million 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. Construction is ongoing on two water ponds to supply irrigable water to satisfy the needs of the area farmers. The remaining RMB 200,000 is expected to be contributed in the fourth quarter of 2010.

4. FINANCIAL HIGHLIGHTS

The Company's loss for the third quarter of 2010 was \$985,278 (\$0.026 per share) as compared to a loss of \$922,106 (\$0.024 per share) for third quarter of 2009. The third quarter 2010 loss was principally attributable to the following:

- Expenditures for Maoling project management activities of \$91,180 in 2010, as compared to \$59,003 in 2009.
- Expenditures for corporate expenses of \$508,819, as compared to \$443,040 in 2009.
- Foreign exchange loss of \$260,652, as compared to a foreign exchange loss of \$332,767 in 2009.
- Stock-based compensation expense of \$139,964, as compared to expenditures of \$89,428 in 2009.

The Company's loss for the nine months ended September 30, 2010 was \$1,989,677 (\$0.052 per share) as compared to a loss of \$2,792,200 (\$0.073 per share) for the nine months ended September 30, 2009. The year-to-date 2010 loss was principally attributable to the following:

- Expenditures for Maoling project management activities of \$324,888 in 2010, as compared to \$220,517 in 2009.
- Expenditures for corporate expenses of \$1,515,856, as compared to \$1,515,665 in 2009.
- Foreign exchange loss of \$89,267, as compared to a foreign exchange loss of \$533,960 in 2009.
- Stock-based compensation of \$78,363 as compared to \$558,707 in 2009.
- Interest income of \$27,611, as compared to \$44,973 in 2009.

The Company ended the third quarter of 2010 with \$10,059,132 in cash and cash equivalents, and no debt.

5. SUMMARY OF QUARTERLY RESULTS

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

<i>US\$000's, except per share data</i>	Q3/10	Q2/10	Q1/10	Q4/09	Q3/09	Q2/09⁽³⁾	Q1/09⁽³⁾	Q4/08
Interest income	\$17	\$7	\$4	\$5	\$5	\$6	\$34	\$65
Project management costs	91	69	165	298	59	94	68	109
Corporate expenses ⁽¹⁾	509	437	574	546	443	618	455	294
Other expenses (income) ⁽²⁾	402	(336)	107	1,095	425	592	84	3,490
Income (loss) for the period	(985)	(163)	(842)	(1,934)	(922)	(1,298)	(573)	(3,828)
Income (loss) per share, basic and fully diluted	\$(0.03)	\$(0.01)	\$(0.02)	\$(0.05)	\$(0.02)	\$(0.03)	\$(0.01)	\$(0.10)

- (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 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 principal factors that cause fluctuations in the Company's quarterly results include, (i) the timing of stock option grants, (ii) mark-to-market adjustments on restricted share units and (iii) 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.



6. RESULT OF OPERATIONS

Quarter Ended September 30, 2010 compared to the Quarter Ended September 30, 2009

The Company's loss for the quarter ended September 30, 2010 was \$985,278 (\$0.026 per share), an increase of \$63,172 when compared to the loss for the quarter ended September 30, 2009 of \$922,106 (\$0.024 per share). The increase in loss for 2010 is primarily due to the following:

- The Company's corporate expenses for the current quarter were \$508,819, an increase of \$65,779 when compared to the same quarter in the preceding year. The increase in 2010 principally resulted from higher corporate development expenditures in 2010 for travel and consultants to evaluate new projects.
- The Company incurred a foreign exchange loss of \$260,652 in the third quarter of 2010 as compared to a foreign exchange loss of \$332,767 in same quarter in 2009. The foreign exchange loss in 2010 and 2009 principally results from a strengthening of the Canadian dollar relative to the U.S. dollar and the resulting effect on the translation of U.S. dollar cash balances into the Canadian dollar functional currency.
- Stock-based compensation in 2010 increased by \$50,536 to \$139,964 principally due to mark-to-market adjustments on restricted share units and the granting of stock options in August 2010. The Company's share price increased during the third quarter of 2010 from C\$0.72 at June 30, 2010 to C\$0.86 at September 30, 2010, whereas the share price decreased slightly from C\$0.63 at June 30, 2009 to C\$0.60 at September 30, 2009.

Nine Months Ended September 30, 2010 compared to the Nine Months Ended September 30, 2009

The Company's loss for nine months ended September 30, 2010 was \$1,989,677 (\$0.052 per share), a decrease of \$802,523 when compared to the loss for the nine months ended September 30, 2009 of \$2,792,200 (\$0.073 per share). The decrease in loss in 2010 is primarily due to the following:

- The Company incurred a foreign exchange loss of \$89,267 for the nine months ended September 30, 2010 as compared to a foreign exchange loss of \$533,960 for the same period in 2009. The high foreign exchange loss in 2009 resulted from a greater strengthening of the Canadian dollar relative to the US dollar in 2009 as compared to 2010, and its effect on the translation of U.S. dollar cash balances into the Canadian dollar functional currency.
- Stock-based compensation decreased from \$558,707 during the nine months ended September 30, 2009 to \$78,363 in 2010. The \$480,344 decrease principally resulted from mark-to-market adjustments on restricted share units. The Company's share price decreased during 2010 from C\$1.23 at December 31, 2009 to C\$0.86 at September 30, 2010, whereas the share price increased from C\$0.26 at December 31, 2008 to C\$0.60 at September 30, 2009.

7. FEASIBILITY STUDY AND ESIA ACTIVITIES

The Feasibility Study commenced in December 2005 and has to date accumulated costs of \$3,536,296 under Ausenco's supervision as project manager. The Environmental & Social Impact Assessment Study has to date accumulated costs of \$1,566,933. The feasibility study has been essentially completed, and it is anticipated that once Tianli's business license issue is resolved, the remaining engineering work will be completed to produce a NI 43-101 compliant feasibility study and a full ESIA for Maoling.

8. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's principal source of liquidity as at September 30, 2010 was cash and cash equivalents totaling \$10,059,132 (December 31, 2009 – \$12,134,801).

The Company believes it has sufficient funds to cover current corporate commitments and when required, completion of a feasibility study and a full ESIA for the development of Maoling. Additional funds would be required to complete construction at Maoling. When required, the Company will 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, joint ventures 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 can 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.

9. SHARE CAPITAL

As of November 1, 2010, the Company had one class of common shares issued and 38,340,301 shares outstanding. In addition, the Company had 1,850,451 stock options outstanding and exercisable at prices ranging from \$0.49 to \$2.06.

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 insignificant interest rate risk with respect to its cash, cash equivalents and accounts receivable given extremely low market interest rates. A majority of cash and cash equivalents have been placed with a Canadian Chartered Bank. Other accounts receivable represent amounts owing from government agencies and related parties. The Company does not hold any asset-backed commercial paper.

12. CRITICAL ACCOUNTING ESTIMATES

A detailed summary of all the Company’s significant accounting policies is included in Note 2 to the audited Consolidated Financial Statements for December 31, 2009. 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.

13. CONTRACTUAL OBLIGATIONS

The Company’s only contractual obligations consist of operating lease commitments for office space in Beijing and Vancouver and are summarized as follows:

	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Operating leases	\$55,660	\$112,054	\$18,939	--	\$186,653

14. 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 fourth 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 also be carried out in the fourth quarter 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 Depreciation is based on their useful lives after due estimation of their residual values	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 Depreciation must be based on the useful lives of each significant component within PP&E	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 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 for equity-settled awards is determined on the grant date, using fair value model of Black-Scholes, and is recognized on a straight-line basis on the vesting date. Stock based compensation for cash-settled awards is measured at each reporting date and at the settlement date, using the intrinsic model.	Stock-based compensation for equity-settled and cash-settled awards is determined by the same valuation models. However, for equity-settled awards, stock-based compensation of IFRS is recognized on graded method over the vesting period. For cash-settled awards, upon settlement, it is adjusted to the value actually realized (intrinsic model) same as Canadian GAAP.	Stock-based compensation for equity-settled awards will be recalculated and shown as a difference in the opening balance on conversion to IFRS.
Foreign currency	The functional currency of the Company is the Canadian dollar, whereas its reporting currency is the US dollar. A company is not explicitly	A company measures its assets, liabilities, revenues and expenses in its functional currency, which is the currency of the	The functional currency determination under IFRS for certain subsidiaries is expected to result in a difference in the opening balance on conversion to

	required to assess the unit of measure (functional currency) in which it measures its own assets, liabilities, revenues and expenses; rather, it only assesses the functional currency of its foreign operations.	primary economic environment in which it operates. IFRS requires that the functional currency of each entity in the consolidated group be determined separately. IFRS allows the presentation currency to be different from the functional currency.	IFRS.
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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.

15. NEW ACCOUNTING POLICIES

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, “Business Combinations” (“CICA 1582”), CICA 1582 requires that all assets and liabilities of an acquired business will be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies are also recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after 1 January 2011. Early adoption is permitted. The adoption of this standard is not expected to have any impact on the Company’s consolidated financial statements.

Consolidations and Non-Controlling Interest

In January 2009, the CICA issued Handbook Section 1601, “Consolidations” (“CICA 1601”), and Section 1602, “Non-controlling Interests” (“CICA 1602”). CICA 1601 establishes standards for the preparation of consolidated financial statements. CICA 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after 1 January 2011. Early adoption is permitted. The adoption of this standard is not expected to have any impact on the Company’s consolidated financial statements.



16. 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 period, 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.

17. 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.

18. 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 affect 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.

19. 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 November 1, 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”.



20. QUALIFIED PERSONS & INFORMATION CONCERNING ESTIMATES OF RESOURCES

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



MUNDORO
CAPITAL

Consolidated Financial Statements and Notes
For the Fiscal Quarter Ended September 30, 2010

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



MUNDORO
CAPITAL

Mundoro Capital Inc.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

MUNDORO CAPITAL INC.

(an exploration stage company)

**Consolidated Balance Sheets (Unaudited)
September 30, 2010 and December 31, 2009**

(Expressed in United States Dollars)

	September 30 2010	December 31 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,059,132	\$ 12,134,801
Accounts receivable	32,820	35,453
Prepaid expenses and deposits	93,993	50,714
	10,185,945	12,220,968
Mineral interests (Note 4)	100	100
Equipment and vehicles (Note 5)	55,337	64,048
Total Assets	\$ 10,241,382	\$ 12,285,116
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 140,224	\$ 397,944
Compensation liabilities (Note 7)	137,303	167,673
	277,527	565,617
Long term compensation liabilities (Note 7)	-	102,639
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	35,873,603	35,873,603
Contributed surplus	7,571,422	7,470,954
Deficit	(37,418,366)	(35,428,689)
Accumulated other comprehensive income (Note 12)	3,937,196	3,700,992
Total Shareholders' Equity	9,963,855	11,616,860
Total Liabilities and Shareholders' Equity	\$ 10,241,382	\$ 12,285,116

Commitments (Note 8)

Contingencies (Note 13)

Segmented information (Note 9)

Approved by the Directors:

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

MUNDORO CAPITAL INC.

(an exploration stage company)

**Consolidated Statements of Loss and Deficit (Unaudited)
Nine Months Ended September 30, 2010 and September 30, 2009**

(Expressed in United States Dollars)

	3 months ended September 30 2010	3 months ended September 30 2009	9 months ended September 30 2010	9 months ended September 30 2009
Interest	\$ 17,002	\$ 4,814	\$ 27,611	\$ 44,973
Mineral interest and project management costs	91,180	59,003	324,888	220,517
Expenses				
Accounting and audit	35,879	39,062	150,365	117,396
Corporate communication and marketing	43,664	41,612	171,102	154,212
Corporate development	204,694	125,723	451,651	392,932
Corporate governance	50,770	95,780	236,891	339,167
Government and community relations	92,477	19,373	238,622	218,475
General and administrative	81,335	121,490	267,225	293,483
	508,819	443,040	1,515,856	1,515,665
Loss before other expenses	(582,997)	(497,229)	(1,813,133)	(1,691,209)
Other expenses				
Amortization	1,665	2,682	5,257	8,324
Foreign exchange loss (gain)	260,652	332,767	89,267	533,960
Loss on disposal of equipment	-	-	3,657	-
Stock-based compensation (Note 7)	139,964	89,428	78,363	558,707
	402,281	424,877	176,544	1,100,991
Loss for the period	(985,278)	(922,106)	(1,989,677)	(2,792,200)
Deficit, beginning of period	(36,433,088)	(32,573,000)	(35,428,689)	(30,702,906)
Deficit, end of period	\$ (37,418,366)	\$ (33,495,106)	\$ (37,418,366)	\$ (33,495,106)
Basic and diluted loss per share	\$ (0.026)	\$ (0.024)	\$ (0.052)	\$ (0.073)
 Weighted average shares outstanding	 38,340,301	 38,340,301	 38,340,301	 38,340,301

MUNDORO CAPITAL INC.

(an exploration stage company)

Consolidated Statements of Loss and Comprehensive Loss for the Period (Unaudited)**Nine Months Ended September 30, 2010 and September 30, 2009****(Expressed in United States Dollars)**

	3 months ended September 30 2010	3 months ended September 30 2009	9 months ended September 30 2010	9 months ended September 30 2009
Loss for the period	\$ (985,278)	(922,106)	\$ (1,989,677)	(2,792,200)
Effect of exchange rate changes	357,240	1,107,820	236,204	1,732,208
Comprehensive loss for the period	\$ (628,038)	\$ 185,714	\$ (1,753,473)	\$ (1,059,992)

MUNDORO CAPITAL INC.

(an exploration stage company)

Consolidated Statements of Cash Flows (Unaudited)**Nine Months Ended September 30, 2010 and September 30, 2009****(Expressed in United States Dollars)**

	3 months ended September 30 2010	3 months ended September 30 2009	9 months ended September 30 2010	9 months ended September 30 2009
Cash flows provided by (used in) operating activities				
Loss for the period	\$ (985,278)	\$ (922,106)	\$ (1,989,677)	\$ (2,792,200)
Adjustments for items not involving cash:				
- amortization	1,843	2,744	5,711	20,653
- loss on disposal of equipment	-	1,240	3,657	1,240
- stock-based compensation	139,964	89,428	78,363	558,707
	(843,471)	(828,694)	(1,901,946)	(2,211,600)
Change in non-cash working capital:				
- (increase) decrease in accounts receivable	28,438	(16,372)	2,633	2,051
- (increase) decrease in prepaid expenses	(31,023)	(41,745)	(44,977)	58,136
- (increase) decrease in deposits	4,667	(6,063)	1,698	(6,063)
- (decrease) in accounts payable and accrued liabilities	(5,253)	(86,616)	(257,720)	(736)
	(846,642)	(979,490)	(2,200,312)	(2,158,212)
Cash flows used in financing activities				
Restricted share units exercised for cash	(10,100)	(264,857)	(110,904)	(264,857)
	(10,100)	(264,857)	(110,904)	(264,857)
Effect of exchange rate changes on cash and cash equivalents	355,343	1,103,430	235,547	1,723,616
(Decrease) in cash and cash equivalents	(501,399)	(140,917)	(2,075,669)	(699,453)
Cash and cash equivalents, beginning of period	10,560,531	13,396,956	12,134,801	13,955,492
Cash and cash equivalents, end of period	\$ 10,059,132	\$ 13,256,039	\$ 10,059,132	\$ 13,256,039

1. Nature of Operations

Mundoro Capital Inc. (the “Company” or “MCI” or “Mundoro”) 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. MMI’s principle business focus is exploration and development of the Maoling Gold Property in China. The business of exploration and development involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations.

2. Significant Accounting Policies and Basis of Presentation

These unaudited interim financial statements have been compiled in United States dollars in accordance with accounting principles generally accepted in Canada for interim reporting using the same accounting policies and measurement criteria as those utilized in the preparation of the Company’s audited consolidated financial statements for the year ended December 31, 2009.

These interim financial statements do not conform in all respects with disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements and related notes thereto for the year ended December 31, 2009.

3. New Accounting Policies

International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA’s Accounting Standards Board (“AcSB”) formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, “Business Combinations” (“CICA 1582”), CICA 1582 requires that all assets and liabilities of an acquired business will be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies are also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after 1 January 2011. Early adoption is permitted. The adoption of this standard is not expected to have any impact on the Company’s consolidated financial statements.

Consolidations and Non-Controlling Interest

In January 2009, the CICA issued Handbook Section 1601, “Consolidations” (“CICA 1601”), and Section 1602, “Non-controlling Interests” (“CICA 1602”). CICA 1601 establishes standards for the preparation of consolidated financial statements. CICA 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after 1 January 2011. Early adoption is permitted. The adoption of this standard is not expected to have any impact on the Company’s consolidated financial statements.

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”). MMI holds a 79% interest in TJV and Aidi holds a 21% interest. Pursuant to the Cooperative Joint Venture Agreement, MMI is required to fund all work on the project (“Maoling Project”) through mine start-up, with reimbursement of its capital costs coming from project cash flow prior to any profit distributions to the partners. 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 is continuing its discussions with governmental authorities regarding the status of TJV and the future development of the Maoling Project.

(b) Project Management Costs

The Company follows the practice of expensing all exploration, development and project management costs until a decision is made to put the deposit into production. The following is a summary of expenditures incurred on the Maoling project since its inception:

	Accumulated Total
Engineering	\$3,617,935
Environmental	1,566,932
Geological	4,123,754
Mineral exploration	4,201,370
Community and government relations	2,806,418
Management and administration expenses for TJV	3,488,360
Total	\$19,804,769



5. Equipment and Vehicles

	September 30, 2010			December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computers	\$74,208	\$63,991	\$10,217	\$84,546	\$71,799	\$12,747
Furniture and fixtures	30,995	24,310	6,685	33,569	24,649	8,920
Office equipment	127,049	106,456	20,593	131,951	107,133	24,818
Vehicles	171,627	155,707	15,920	168,039	152,452	15,587
Leasehold improvements	17,601	15,679	1,922	17,233	15,257	1,976
Total	\$421,480	\$366,143	\$55,337	\$435,338	\$371,290	\$64,048

6. Share Capital

- (a) **Authorized: Unlimited number of common shares without par value.**
- (b) **Issued and fully paid common shares: 38,340,301 at September 30, 2010 and December 31, 2009.**
- (c) **Stock options.**

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.

The Company has a legacy 2004 Stock Option Plan ("2004 Plan") which will expire and be terminated after the remaining stock options issued under that plan have been exercised, cancelled or expired.

The option prices referred to in the tables below and in Note 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 exercised, cancelled or expired are reflected in U.S. dollars at historical exchange rates.

A summary of stock options outstanding and exercisable at September 30, 2010 is as follows:

Stock Option Plan	Number Outstanding	Remaining Contractual Life (Years)	Number Exercisable	Exercise Price
2004 Plan	300,000	0.39	300,000	\$2.06
2009 Plan	1,850,451	3.87	1,030,225	\$0.52



6. Share Capital (continued)
(C) Stock options (continued)

The tables below are a summary of the options outstanding under the 2004 Plan and 2009 Plan at September 30, 2010 and the changes for the period then ended:

2004 Plan	Options	Weighted Average Exercise Price
Options outstanding at December 31, 2009 and September 30, 2010	300,000	\$2.06

2009 Plan	Options	Weighted Average Exercise Price
Options outstanding at December 31, 2009	1,850,451	\$0.49
Forfeited and cancelled	(210,000)	\$0.49
Granted	210,000	\$0.79
Options outstanding at September 30, 2010	1,850,451	\$0.52

On August 10, 2010, the Directors granted 500,000 stock options at an exercise price of \$0.79. Each stock option is exercisable for one common share through August 10, 2015. The grant includes 290,000 stock options that are subject to shareholder approval.

The options outstanding at December 31, 2009 under the 2009 Plan vested 50% on January 1, 2010 with the remaining 50% vesting on January 1, 2011. The options granted in 2010 vested on the date of grant. The estimated fair value of the options granted was calculated using the *Black-Scholes Option Pricing Model* with the following assumptions:

	2010	2009
Risk-free interest rate	2.06%	1.84%
Dividend yield	0.00%	0.00%
Price volatility	95.38%	81.43%
Expected life (in years)	3	3
Number of common shares	210,000	1,850,451
Exercise price	\$0.79	\$0.49
Calculated fair value per option	\$0.48	\$0.26

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, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.



7. Stock-Based Compensation

2004 and 2009 Stock Option Plans

During the three months and nine months ended September 30, 2010, the Company charged \$100,468 (2009 – nil) of stock-based compensation expense for stock options vesting during the period. Stock-based compensation expense for stock options is recorded using the straight-line method resulting in a charge to operations on the option vesting dates and a corresponding charge to contributed surplus. The charge to operations relates to the following categories in the statement of loss:

	2010	2009
	Under 2009	Under 2004 & 2009
	Stock Option Plan	Stock Option Plans
General and administrative	\$9,778	\$ -
Corporate communication and marketing	25,117	-
Corporate development	45,345	-
Government relations	20,228	-
Total	\$100,468	\$ -

7. Stock-Based Compensation (continued)

Restricted Share Unit Plan

The Company has 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 increase in value of the common shares of the Company 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 year of grant, the second tranche on January 1 of the second year following the year of grant, and the third tranche on January 1 of third year following the year of grant. Vesting is subject to the participant being employed by the Company on the vesting date. All vested RSUs, if unexercised, are deemed exercised on December 31 of the year of vesting. The RSU Plan will be terminated after the remaining RSU’s issued under the plan have been exercised or forfeited.

Stock-based compensation expense for RSUs is accrued over the RSU vesting period. At the end of each reporting period, the RSU liability is marked-to-market. Stock-based compensation expense (recovery) attributable to RSUs was \$39,496 and \$89,428 for the three months ended September 30, 2010 and 2009, respectively, and \$(22,105) and \$558,707 for the nine months ended September 30, 2010 and 2009, respectively. The following is the summary of RSUs outstanding at September 30, 2010 and changes for the period then ended:

	Number of units granted /cancelled/forfeited /exercised	Weighted average grant price	Number of units vested
Balance at December 31, 2009	340,001	\$0.18	169,999
Exercised for cash	(114,167)	\$0.18	(114,167)
Balance at September 30, 2010	225,834	\$0.18	55,832

8. Commitments

Office Lease

In February 2010, the Company and its landlord agreed to the early termination of its Vancouver office lease on March 5, 2010 versus the original lease expiry date of June 30, 2013. In February 2010, the Company signed a lease agreement for new office space in Vancouver for a term of five years ending March 31, 2015. The Company has a lease for office space in Beijing, China through September 20, 2011 for base rent and its proportionate share of operating costs. As of September 30, 2010, the minimum obligations under these leases are as follows:

	Vancouver	Beijing	Total
2010	\$8,680	\$5,384	\$14,064
2011	34,721	15,555	50,276
2012	37,088	-	37,088
2013	37,878	-	37,878
2014	37,878	-	37,878
2015	9,469	-	9,469
Total	\$165,714	\$20,939	\$186,653



9. Segment 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 total assets and losses by segment are as follows:

	Canada	China	Total
Total assets, September 30, 2010	\$10,190,184	\$51,198	\$10,241,382
Total assets, December 31, 2009	12,221,991	63,125	12,285,116
Net loss:			
Three months ended September 30, 2010	(831,661)	(153,617)	(985,278)
Three months ended September 30, 2009	(806,130)	(115,976)	(922,106)
Nine months ended September 30, 2010	(1,499,127)	(490,550)	(1,989,677)
Nine months ended September 30, 2009	\$(2,230,346)	\$(561,854)	\$(2,792,200)

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 its 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 its capital structure, the Company may issue new shares, and acquire or dispose of assets to adjust the amount of cash and cash equivalents.

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

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

11. Financial Instruments

The Company has designated its cash 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 September 30, 2010 and December 31, 2009, the carrying values of cash, cash equivalents, deposits, accounts receivable, accounts payable and accrued liabilities, and compensation liabilities approximated their fair values due to the relatively short period to maturity of those financial instruments.

(b) Financial Risk Management

The Company is exposed to a variety of financial instrument related risks. The types of risk exposure and the way in which such exposure is managed are as follows:

(b) Financial Risk Management (continued)

Credit risk

Credit risk is the risk of loss associated with counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk and liquid financial assets by maintaining the majority of its cash with a Canadian Chartered Bank and the majority of its cash equivalents in commercial paper, banker’s acceptances and other money market instruments issued by Canadian Federal and Provincial governments and other entities with a Dominion Bond Rating Service credit rating of R1M or higher.

The Company’s concentration of credit risk and maximum exposure with respect to cash and cash equivalents is as follows:

	September 30, 2010
Cash balances at a Canadian chartered bank	\$2,712,783
Bearer deposit notes rated R1H	4,832,804
Commercial paper rated R1M	2,499,812
Other cash balances	13,733
Total cash and cash equivalents	\$10,059,132

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 its liquidity risk by forecasting cash flow requirements for its planned exploration, development and other corporate activities, and ensuring that it has sufficient cash and cash equivalents on hand to meet its short-term business requirements. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. The Company believes that it has sufficient cash and cash equivalents to meet its short-term business requirements. In the long term, the Company may have to raise funds through the issuance of equity, assumption of debt, or other financing alternatives to complete development of the Maoling project, and any other projects acquired by the Company in the future. There are no assurances that the Company would be successful in its efforts to secure any required future financing.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s cash and cash equivalents primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. The Company also holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2010.

The Company’s interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 10% change in interest rates on cash and cash equivalents outstanding at September 30, 2010 would result in a \$1,611 (2009: \$787) change to the Company’s net loss for the three months ended September 30, 2010 and a \$2,761 change (2009: \$4,977) for the nine months ended September 30, 2010.

(b) Financial Risk Management (continued)

Currency Risk

The Company operates in Canada and China and a portion of its expenses are incurred in Chinese Yuan (Renminbi) and US dollars, whereas its functional currency is in Canadian dollars. The Company is therefore affected by currency transaction risk, which may affect the Company's operating results as exchange rates fluctuate. The Company has not hedged its exposure to currency risk.

The Company is also affected by currency translation risk. Although the Company's functional currency is the Canadian dollar, its reporting currency is the US dollar. The Company's financial statements are translated into the Canadian dollar functional currency using the temporal method, with the resulting translation adjustment recorded in the Company's operating results. These financial statements are subsequently translated into the US dollar reporting currency using the current rate method, with the resulting translation adjustment recorded in other comprehensive income.

If the Canadian dollar had strengthened against the US dollar and the Renminbi by 10%, the Company would have had additional foreign currency losses (gains) in the statement of loss as follows:

	Increase in foreign currency loss (gain) (in USD)	
	Three Months Ended	Nine Months Ended
September 30, 2010	\$249,996	\$254,290
September 30, 2009	\$(35,268)	\$351,788

If the Canadian dollar had weakened against the US dollar and the Renminbi by 10%, the Company would have had additional foreign currency gains in the statement of loss as follows:

	Increase in foreign currency (gain) loss (in USD)	
	Three Months Ended	Nine Months Ended
September 30, 2010	\$(249,996)	\$(254,290)
September 30, 2009	\$35,268	\$(351,788)

(b) Financial Risk Management (continued)

Currency Risk (continued)

The Company held the following balances in its three operating currencies at September 30, 2010 and 2009:

	In Canadian \$	In US \$	In Chinese ¥
September 30, 2010			
Cash and cash equivalents	\$7,628,385	\$2,632,299	¥ 90,728
Accounts receivable	\$28,007	-	¥ 38,477
Accounts payable and accrued liabilities	\$49,214	\$91,198	¥ 8,015
Rate to convert to \$1.00 Canadian	1.00	1.029	0.1539
Rate to convert to \$1.00 US	0.9718	1.00	0.1496
September 30, 2009			
Cash and cash equivalents	\$10,015,830	\$3,890,849	¥ 70,951
Accounts receivable	\$23,896	-	¥ 84,225
Accounts payable and accrued liabilities	\$359,595	\$67,711	¥ 8,015
Rate to convert to \$1.00 Canadian	1.00	1.071	0.157
Rate to convert to \$1.00 US	0.934	1.000	0.1466

The Company does not have a formal policy to manage currency risk; however, management actively monitors movements in foreign currency and forecasts foreign currency payments.

Financial Market Risk

As of September 30, 2010, 225,834 RSUs (Note 7) were outstanding, of which 55,832 vested on January 1, 2010 and 170,002 will vest on January 1, 2011. RSUs are marked-to-market at each reporting period. When the holder of vested RSUs provides notice of exercise, the Company is required to pay the RSU holder the increase in value of its common shares from the date of grant to the date of exercise.

If the Company's share price had increased by 10%, the Company would have had additional RSU stock compensation expense as follows:

Increase in RSU stock compensation expense (in USD)	
	Nine Months Ended
September 30, 2010	\$18,743
September 30, 2009	\$47,045

If the Company's share price had decreased by 10%, the Company would have had a decrease in stock compensation expense as follows:

(Decrease) in RSU stock compensation expense (in USD)	
	Nine Months Ended
September 30, 2010	\$(18,743)
September 30, 2009	\$(47,045)



(b) Financial Risk Management (continued)

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. Accumulated Other Comprehensive Income

Accumulated other comprehensive income is comprised of the following:

	Sept 30, 2010	Sept 30, 2009
Accumulated other comprehensive income, beginning of the period	\$3,700,992	\$1,688,200
Foreign currency translation to US dollar reporting currency	236,204	1,732,208
Accumulated other comprehensive income, end of the period	\$3,937,196	\$3,420,408

13. 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 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 stockbased compensation plans. The Company is defending the action and the outcome is indeterminable at this time.