1. INTRODUCTION

Mundoro Capital Inc. ("Company", "MCI", "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 Mundoro Capital. Subsequent to September 30, 2011, MMI was disposed of by the Company (see discussion under "Summary of Activities"). Effective September 30, 2011, the Company's common stock is quoted on the TSX Venture Exchange ("TSXV") under the symbol MUN (see discussion under "Summary of Activities").

This management discussion and analysis ("MD&A") should be read in conjunction with the Company's condensed consolidated interim financial statements for the nine months ended September 30, 2011 and supporting notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). A reconciliation of the previously disclosed comparative periods' financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is set out in Note 18 to these condensed financial statements.

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.

Additional information relating to Mundoro Capital is available on its website at www.mundoro.com and on the Canadian Securities Administrator's website at www.sedar.com.

2. 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 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 24, 2011.
- 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".

3. SUMMARY OF ACTIVITIES

In the third quarter, Mundoro:

(i) subject to closing, negotiated the strategic transaction announced August 2, 2011 regarding the Maoling Gold Project ("Maoling");
(ii) listed on the TSX Venture Exchange ("TSXV") as of September 30, 2011;
(iii) strengthened the exploration expertise with the appointment of Richard Moores to the Board and appointment of Michel Cormier as Vice President of Exploration;
(iv) ramped up the exploration program at the Company's mineral properties in north-central Mexico and completed a NI 43-101 Technical Report on the Cuencame Property in Durango State;
(v) continued with project generation initiatives and evaluation of opportunities for advanced stage mineral projects.

The Company has not financed since 2005 and has maintained a low share count of 38.4 million shares outstanding. The Company is in a financially strong position with $6.71 million in cash and cash equivalents, and no debt as at September 30, 2011. Subsequent to September 30, 2011, the Company completed its Strategic Transaction and received cash of CDN$13,800,000.

Transaction with China National Gold Group Hong Kong Limited

Pursuant to the definitive share purchase agreement, China National Gold Group Hong Kong Limited ("CNGHK"), which the Company understands to be a wholly-owned subsidiary of China National Gold Group Corporation ("CNG"), will acquire 95% of the issued and outstanding shares of MMI, the Company's wholly owned subsidiary, for a cash purchase price of CDN$13,800,000, with the Company retaining 5% of the issued and outstanding shares of MMI (the "Strategic Transaction"). MMI has an interest in the Maoling Gold Project ("Maoling") through a Chinese joint venture company, Liaoning Tianli Mining Company Ltd. ("Tianli"), which was formed in 2001 between MMI and Liaoning Aidi Resources Company Limited ("Aidi"), the corporate arm of the Liaoning Geology and Exploration Bureau of Liaoning Province, People's Republic of China. Since 2005, the renewal of the exploration license for Maoling has been deferred pending the renewal of a business license for Tianli. Despite the Company's best efforts, Tianli's business license and exploration license have not been renewed and the Maoling Gold Project remains stalled.

As part of the Strategic Transaction, Mundoro and CNGHK agreed to enter into a Shareholders Agreement governing their ownership of MMI. CNGHK will have operating control of MMI and its board with the goal of advancing the development of the Maoling Gold Project. Upon attaining a mining permit for Maoling, CNGHK can effect a control sale of its position in MMI to a public entity controlled by CNG or any other Purchaser for Fair Market Value, and under these circumstances, Mundoro would have a tag along obligation to sell its 5% in MMI on the same terms and conditions. If the control sale does not meet these conditions, Mundoro does not have a tag along obligation. Both Mundoro and CNGHK have a mutual right of first refusal to purchase the shares in MMI held by the other party if either party desires to transfer the shares it owns to a third party that does not meet control sale conditions.

The completion of the Strategic Transaction was subject to a number of conditions, including but not limited to receipt of approval by special resolution from the Company's shareholders and receipt of appropriate stock exchange approval. These conditions were met.

Throughout the third quarter of 2011, the Company focused on negotiation of the definitive share purchase agreement with CNGHK. Subsequent to the end of the quarter, on October 4, 2011, the Company received shareholder approval at the Special Shareholder Meeting for the proposed Strategic Transaction. October 11, 2011, the Company completed the Strategic Transaction with CNGHK. Pursuant to the share purchase agreement, CNGHK acquired 95% of the issued and outstanding shares of MMI , the Company's wholly owned subsidiary, for a cash purchase price of CDN$13,800,000, with the Company retaining 5% of the issued and outstanding shares of MMI.

As a result of the completion of the Strategic Transaction, the Company reclassified the assets and liabilities as at September 30, 2011 of MMI separately as assets classified as held for sale and liability directly associated with the assets classified as held for sale, respectively.

Listing on TSX Venture Exchange

The Company received final approval to list its common shares for trading on the TSXV under the symbol "MUN". The Company announced a voluntary delisting from the Toronto Stock Exchange (the "TSX") where Mundoro's common shares had traded under the symbol MUN up to and including September 29, 2011. In order to maintain continuity and liquidity for our shareholders, Mundoro applied to and received final approval from the TSXV to have its common shares commence trading on the TSXV as of September 30, 2011 under the symbol "MUN".

Strengthen Exploration Team

During the third quarter, the Company strengthened its exploration expertise with the appointment of Richard C. Moores as a director to the Board and the appointment of Michel Cormier as Vice President of Exploration. Mundoro's Mr. Cormier brings 35+ years of experience in running successful planning and management of exploration programs leading to the discovery and development of economically feasible gold deposits in Canada, Mexico, Guinea, Niger, Burkina Faso, Algeria and Ghana. Mr. Moores brings 40+ years of experience in porphyry-style deposits for which he has directed successful exploration and development programs in a wide range of countries including the USA (Florence-Cu, Sanchez-CuSXEW), Kazakhstan (Balkhash-Cu), Mongolia (Erdenet-CuSXEW), Turkey (Copler-Gold), Colombia (Toldafria-Gold)."

Mexico Exploration Program

In July 2011, the Company received from the Mexican General Bureau of Mines ("GBM") the granting of three mineral concessions, comprising the Cuencame Property. The mineral property is located in the Southeast corner of Durango State, bordering the states of Coahuila and Zacatecas, within the highly prospective Altiplano Gold-Silver belt of north-central Mexico. The Cuencame Property covers approximately 43,000 hectares in three 100% owned mineral concessions through Mundoro's wholly owned Mexican subsidiary, Mundoro de Mexico, S.A. de C.V. The Company has submitted applications for five (5) additional mineral concessions in Durango State, which applications are awaiting title grant from the GBM.

This region of Mexico is referred to as the Mesa Central Block and is a well known mining district, historically exploited for Ag-Pb-Zn deposits associated with Tertiary Volcanism and Epithermal veins or replacement deposits along porous horizons. The discovery of Penasquito, approximately 120 km to the east of the Cuencame Property, along with other recent discoveries on this belt, has shown the potential for bulk tonnage deposits that can host significant gold mineralization. Approximately 25 km west of the Cuencame Property, is the Velardena Properties. The Cuencame Property mineral concessions are spatially associated with the Velardena mining camp which is skarn and epithermal vein deposits associated with magnetic highs. Approximately 55 km to the west of the Cuencame Property, is the San Juan Property, where the main exploration target has been the Lorena vein which is part of an 18 km structure.

In August 2011, the Company received a National Instrument 43-101 ("NI43-101") technical evaluation report ("Technical Report") for the Company's 100% owned Cuencame Property located in Durango State, Mexico. The Technical Report was independently compiled and submitted by Geologica Groupe-Conseil Inc (Geologica) of Val-d'Or, Quebec, Canada. The report is supported by a field visit held in August 2011 and rock sampling by Geologica confirmed that the observed limestone belongs to the favorable host sedimentary Tertiary stratigraphic units and formations hosting several local polymetallic skarn replacement and/or epithermal vein-type deposits present in the immediate and far area. In the light of these observations and results obtained during the recent visit, three types of mineralization could be recognized to be potentially present on the Cuencame Property: 1) Vein-type and mantos containing polymetallic (Pb, Zn, Cu, Ag, Au) mineralizations; 2) Vein-type (epithermal) containing precious metals (Au, Ag); and 3) Porphyry copper-type with disseminations, veins and veinlets network of copper minerals associated with altered and fractured differentiated intrusions of felsic to mafic composition. The Technical Report recommends a two phase exploration program consisting of initial surface exploration followed by a trenching and diamond drilling program.

The Company opened a regional exploration office in Durango and has initiated hiring staff and engaging contractors to commence the first phase of field work in Q4 2011. Mundoro has also submitted applications for additional 12 concessions (184,249 hectares) located in Durango and Chihuahua States, Mexico.

The Company has approved a $500,000 exploration budget for an exploration program to be completed over the next twelve months involving geological mapping, geophysical surveys (Magnetics, IP, EM) and drilling.

The Company will continue to evaluate advanced project level resource opportunities alongside its project generation program.

Project Generation Initiatives

The Company's project generation initiatives focus on targeting mineral belts which the Company believes have good exploration potential. In order to stake mineral concessions or acquire mineral projects, the key criteria are that the property should be: (i) precious metal focused, (ii) potential for significant resource to host a future operation (iii) located in a proven geological belt with existing mineral production; (iv) located in a jurisdiction where there is a precedent of developing a resource property from early exploration through to production; and (v) be located in an area where the Corporation has strategic advantage from in-house expertise. In parallel with the exploration strategy, the Company will continue to evaluate advanced stage projects to maximize the efforts to reach production from an operation. All properties staked or acquired will be evaluated on a quarterly basis as to whether to continue exploration, progress into development, drop the property, or joint venture with another company.

Normal Course Issuer Buy Back Program

Subsequent to the close of the quarter, Mundoro announced that it has submitted to the TSXV its Notice of Intention to Make a Normal Course Issuer Bid (the "NCIB Program"). In the opinion of the Company, its common shares ("Common Shares") have been trading at prices that do not reflect the underlying value of the Company, including its (i) strong financial position, (ii) minority interest in the Maoling Gold Project (iii) exploration program in a prospective mineral region in the Mesa Central belt of Durango-Chihuahua, and (iv) continued project generation program to bring further projects to the Company. Accordingly, Mundoro believes purchasing its Common Shares at current price levels represents an opportunity to enhance value for shareholders. The Company's strong cash position allows for the implementation of the NCIB Program, subject to regulatory approval, without adversely affecting Mundoro's growth opportunities.

Pursuant to the proposed NCIB Program, the Company plans to purchase for cancellation up to a maximum of 1,919,963 of its Common Shares, or approximately 5% of the Common Shares outstanding. As of November 4, 2011, there were 38,399,276 Common Shares of Mundoro Capital issued and outstanding.

The actual number of Common Shares of the Company that are purchased for cancellation under the Bid, if any, and the timing of such purchases will be determined by management as approved by the Board of Directors of the Company. The Company previously entered into a normal course issuer bid between May 29, 2008 and May 28, 2009. During this time, the Company repurchased 323,760 common shares at an average price of $0.33. All shares purchased were cancelled according to the requirements of the Toronto Stock Exchange.

Outlook

The Company is focused on growing the resource project portfolio of the Company with exploration stage mineral resource properties and continues to evaluate development stage mineral resource properties for acquisition. Mundoro expects to continue to maintain a 5% interest in MMI and thereby an interest in the Maoling Gold Project until further value can be realized.

4. MAOLING 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), which are the basis for the summary table of the Maoling Gold Project Resources and Reserves shown below in Table 4.1. The technical reports have been filed on the SEDAR website at www.sedar.com.

On August 2, 2011, the Company announced that it has entered into a definitive share purchase agreement with China National Gold Group Hong Kong Limited ("CNGHK"), which the Company understands to be a wholly-owned subsidiary of China National Gold Group Corporation ("CNG"). Pursuant to the share purchase agreement, CNGHK will acquire 95% of the issued and outstanding shares of MMI, the Company's wholly owned subsidiary, for a cash purchase price of CDN$13,800,000. On October 11, 2011, the Company completed the transaction with CNGHK (see Note 17).

The Maoling Gold Project ("Maoling") is located in Liaoning Province, China. The Measured, Indicated and Inferred Resources of Maoling place it in the category of one of the largest undeveloped gold deposits in the world.

Table 4.1

Maoling Resources			Maoling Reserves		
Tonnes (millions)	Grade (Au g/t)	Contained Gold (million ozs)	Tonnes (millions)	Grade (Au g/t)	Contained Gold (million ozs)
Zone 1 Measured & Indicated Resource			Zone 1 Pre-Feasibility Probable Reserves		
161	0.92	4.8	88.8	1.0	2.8
Total Zone 1 and 4 Inferred Resource					
158	0.9	4.4			

Licensing and Government Relations

The Maoling Gold 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. The Maoling Gold Project 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 the city of Dalian. 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 Mining 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 Joint Venture Contract, where the Company 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 Maoling Gold Project. The exploration license for the Maoling Gold Project, covering an area of approximately 20 square kilometers, was transferred to Tianli in 2002.

Tianli's business license was granted in August 2001 and the exploration license was transferred to Tianli in April 2002. Tianli's business license was not renewed and expired on August 31, 2005. Tianli's exploration license for the Maoling Gold Project expired on November 5, 2005, and was not capable of being renewed because Tianli did not have a renewed business license. In August 2007, Mundoro Mining received correspondence from Aidi, who suggested both parties should discuss the termination of the JV. The reasons cited for the proposed termination and liquidation were Chinese environmental regulations related to water zoning made it impossible for Tianli to conduct mining activities at the Maoling Gold Project. Mundoro Mining responded to Aidi in September 2007 explaining the reasons why Mundoro Mining did not believe it was appropriate to terminate the JV or liquidate the JV and requested to be allowed to complete the Feasibility Study and the ESIA in order to demonstrate that the Maoling Gold Project could be developed in a sustainable and environmentally responsible manner.

Mundoro Mining has completed engineering and environmental studies for the development of the Maoling Gold Project and has updated that work as it relates to evolving mining and environmental regulations in China, and provided this information to Aidi, and communicated main findings to senior officials in the Liaoning government. In January 2010, the Company delivered to senior officials in the Liaoning government, "A Study on Yushi Reservoir Water Source Protection Zoning and Analysis of Impact of Maoling project on Water Source Protection."

The Company received a letter in March 2010 ("Aidi March 2010 Letter") from Aidi, 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 were Chinese environmental regulations related to water and nature reserve zoning made it impossible for Tianli to conduct mining activities at the Maoling Gold Project and as a result, in Aidi's opinion, force majeure occurred. The Company responded to the Aidi March 2010 Letter with a letter ("Mundoro March 2010 Letter") explaining the reasons why the Company 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. Mundoro does not believe force majeure under the joint venture contract occurred. In response to the Mundoro March 2010 Letter, Mundoro Mining received a letter from Aidi in July 2010 ("Aidi July 2010 Letter") which was in all material respects similar to the Aidi March 2010 Letter and did not address any of the points raised by Mundoro Mining in the Mundoro March 2010 Letter. Mundoro Mining responded to the Aidi July 2010 Letter in August 2010 with a letter ("Mundoro August 2010 Letter") requesting to have an official board meeting to discuss the proposal Mundoro Mining outlined in the Mundoro March 2010 Letter and reiterating Mundoro Mining believes the work completed to date by Chinese and international engineering and environmental firms demonstrates the Maoling Gold 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. The Company has received no official response to the Mundoro August 2010 Letter.

The Company has conveyed the economic and environmental merits of the Maoling Gold Project to various levels of the provincial and national governments in China. The Company has also sought assistance from the Canadian Embassy in Beijing and the Canadian government in Ottawa in communicating with the Chinese government regarding Tianli's business license and exploration license for the Maoling Gold Project. Notwithstanding the efforts of the Company, assistance of the Canadian embassy, a major Chinese legal counsel firm, the Company has never been granted a meeting with senior government officials of Liaoning Province to discuss the renewal of the business license for the development of the Maoling Gold Project.

Summary of Technical and Environmental Study Work (2008 and onwards)

In January 2008, 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.

In May 2009 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.

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.

5. FINANCIAL HIGHLIGHTS

The Company's loss for the nine months ended September 30, 2011 was $1,768,825 ($0.05 per share), which included loss from discontinued operations of $494,401 compared to a loss of $1,790,162 ($0.05 per share) for 2010, which included loss from discontinued operations of $888,348. The 2011 loss was principally attributable to the following:

- Other project related costs of $286,113, compared to $NIL in 2010.
- Expenditures for corporate expenses of $912,489, compared to $669,723 in 2010.
- Foreign exchange gain of $51,444, compared to a loss of $77,876 in 2010.

The Company ended the period with $6,716,093 in cash and cash equivalents, and no debt.

6. SUMMARY OF QUARTERLY RESULTS

The following quarterly information is prepared in accordance with IFRS beginning with the transition date of January 1, 2010. Prior to January 1, 2010, the quarterly information has been disclosed under Canadian GAAP. The Company's reporting currency is the U.S. dollar.

US$000's, except per share data	Q3/11	Q2/11	Q1/11	Q4/10[3]	Q3/10[3]	Q2/10[3]	Q1/10[3]	Q4/09[4]
From continuing operations:								
Interest Income	$13	$26	$17	$20	$17	$6	$4	$5
Project related costs	172	73	41	-	-	-	-	-
Corporate expenses [1]	391	238	284	394	153	214	303	246
Other expense (income) [2]	74	(22)	80	96	428	(286)	117	1,109
Income (loss) for the period	(624)	(263)	(388)	(470)	(564)	78	(416)	(1,350)
Income (loss) per share, basic and fully diluted	$(0.02)	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$0.00	$(0.01)	$(0.03)
Loss on discontinued operations:	**(296)**	**(86)**	**(112)**	**(359)**	**(206)**	**(232)**	**(450)**	**(584)**
Loss per share on discontinued operations, basic and fully diluted	$(0.01)	$(0.00)	$(0.00)	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.02)

(1) Corporate Expenses include accounting and audit, corporate development, corporate governance, government and community relations, corporate communication, and general and administrative expenses.
(2) Other Expenses include stock-based compensation, litigation settlement of $389,883 in 4Q 2010 and foreign exchange loss (gain).
(3) Amount reported under IFRS.
(4) Amount reported under Canadian GAAP.

The principal factors that cause fluctuations in the Company's quarterly results related to non-cash items 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 translating the foreign currency transactions to the functional currency of each entity.

7. RESULT OF OPERATIONS

Quarter Ended September 30, 2011 Compared to the Quarter Ended June 30, 2011

The Company's loss for the quarter ended September 30, 2011 was $919,842 ($0.02 per share), which included loss from discontinued operations of $296,101, an increase of $570,631 when compared to the loss for the quarter ended June 30, 2011 of $349,211 ($0.01 per share), which included loss from discontinued operations of $86,080. The increase in loss for the quarter ended September 30, 2011 compared to the quarter ended June 30, 2011 is primarily due to the following:

- Other project related costs increased by $98,955 to $172,223 for the quarter ended September 30, 2011, from $73,268 for the quarter ended June 30, 2011.

- The Company incurred a foreign exchange gain of $104,665 for the quarter ended September 30, 2011 as compared to $8,184 for the quarter ended June 30, 2011. This foreign exchange gain recognized in the current period resulted from the fluctuations in the foreign currency exchange rates between Canada, U.S. and China.

- Share-based payments increased from a recovery of $14,026 for the quarter ended June 30, 2011 to $178,509 for the quarter ended September 30, 2011. The increase of $192,535 was principally due to the issuance of options and resulting recognition of expense during the period.

- The operating expenses increased by $152,948, to $390,750 for the quarter ended September 30, 2011, from $237,802 for the quarter ended June 30, 2011. This increase was primarily the result of the increase related to the CNG transaction costs that are associated with corporate governance expense of $103,803, corporate development expenses of $52,320 and general and administrative expenses of $18,169. This increase was partially offset by the decrease in accounting and audit expenses of $29,265.

Quarter Ended September 30, 2011 Compared to the Quarter Ended September 30, 2010

The Company's loss for the quarter ended September 30, 2011 was $919,842 ($0.02 per share), which included loss from discontinued operations of $296,101, an increase of $149,452 when compared to the loss for the quarter ended September 30, 2010 of $770,390 ($0.02 per share), which included loss from discontinued operations of $206,105. The increase in loss for 2011 is primarily due to the following:

- The Company incurred $172,223 on other project related costs during the three months ended September 30, 2011 compared to $NIL during the three months ended September 30, 2010. This increase was primarily the result of the commencement of exploration activity in Mexico and project generation activity.

- Operating expenses increased by $237,828, to $390,750 for the quarter ended September 30, 2011, from $152,922 for the quarter ended September 30, 2010. This increase was primarily related to the CNG transaction costs that are associated with corporate development expense of $74,617 and corporate governance expenses of $105,536.

- The Company incurred a foreign exchange gain of $104,665 for the quarter ended September 30, 2011 as compared to a loss of $248,771 for the quarter ended September 30, 2010. This foreign exchange gain recognized in the current period resulted from the fluctuations in the foreign currency exchange rates between Canada, U.S. and China.

Nine Months Ended September 30, 2011 Compared to the Nine Months Ended September 30, 2010

The Company's loss for the nine months ended September 30, 2011 was $1,768,825 ($0.05 per share), which included loss from discontinued operations of $494,401, a decrease of $21,337 when compared to the loss for the nine months ended September 30, 2010 of $1,790,162 ($0.03 per share), which included loss from discontinued operations of $888,348. The decrease in loss for 2011 is primarily due to the following:

- The Company incurred a foreign exchange gain of $51,444 for the nine months ended September 30, 2011 as compared to a foreign exchange loss of $77,876 for the nine months ended September 30, 2010. This foreign exchange gain recognized in the current period resulted from the fluctuations in the foreign currency exchange rates between Canada, U.S. and China.

- This decrease was partially offset by increases in the following:

    - Other project related costs. The Company incurred $286,113 on other project related costs during the nine months ended September 30, 2011 compared to $NIL during the nine months ended September 30, 2010. This increase was primarily the result of the acquisition of the Mexican property and project generation activity in Mexico.
    - Operating expenses increased by $242,766 to $912,489 for the nine months ended September 30, 2011 compared to $669,723 for the nine months ended September 30, 2010. This increase was primarily related to the CNG transaction costs that are associated with the following:
        - Corporate development expenses increased by $81,839;
        - Corporate governance expense increased by $79,477; and
        - General and administrative expenses increased by $41,747.

8. Financial Condition, Liquidity And Capital Resources

The Company's principal source of liquidity as at September 30, 2011 was cash and cash equivalents totaling $6,716,093 (December 31, 2010 – $9,338,122).

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. 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.

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. Subsequent to September 30, 2011, the Company completed its Strategic Transaction and received cash of CDN$13,800,000.

9. Share Capital

As of September 30, 2011 and the date of this MD&A, the Company had one class of common shares issued and 38,399,276 shares outstanding. In addition, the Company had 2,677,501 stock options outstanding and exercisable at prices ranging from $0.49 to $0.79 at the date this MD&A.

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. The majority of the Company's cash has been placed with a Canadian Chartered Bank. The majority of the Company's cash equivalents are in commercial paper, bankers' 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. Other accounts receivable represent amounts owing from government agencies and related parties. The Company does not hold any asset-backed commercial paper.

12. CHANGES IN ACCOUNTING POLICIES

Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on or after January 1, 2011.

The Company's condensed consolidated interim financial statements have been prepared in accordance with IAS 34 using accounting policies consistent with IFRS as issued by IASB and IFRIC.

The Company's condensed consolidated interim financial statements are presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian GAAP.

Transition to International Financial Reporting Standards

As stated in Note 2 of the Company's condensed consolidated interim financial statements, these financial statements are prepared in accordance with IFRS and do not include all of the information and disclosures required in the annual financial statements under IFRS.

The accounting policies in Note 2 have been applied as follows:

- in preparing the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2011;
- the comparative information for the three and nine months ended September 30, 2010;
- the statement of financial position as at December 31, 2010; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the three and nine months ended September 30, 2010 and the financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. In preparing these financial statements, the Company has elected to apply the following transitional arrangements:

(a) IFRS 2 – Share-based payment transactions

IFRS 2 Share-based Payment has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.

IFRS 2, similar to Canadian GAAP, requires the Company to measure share-based payments related to share purchase options granted to employees at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options. However, under IFRS 2, the recognition of such expense must be done with a "graded vesting" methodology as opposed to the straight-line vesting method allowed under Canadian GAAP. In addition, under IFRS, forfeitures estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods; while under Canadian GAAP, forfeitures of awards are recognized as they occur.

Under IFRS graded vesting methodology, during the nine months ended September 30, 2010, the Company would have recorded $181,069 as share-based payment versus $78,363 stock-based compensation under Canadian GAAP. As a result, $102,706 would be adjusted in the share-based payments expense in the statement of operations and the same amount would be adjusted in the equity settled employee benefit reserve in the statement of equity.

During the year ended December 31, 2010, the Company would have recorded $133,449 as share-based payment versus $218,553 stock-based compensation under Canadian GAAP. As a result, $85,104 would be adjusted in the share-based payment expense in the statement of operations and the same amount would be adjusted in the equity settled employee benefit reserve in the statement of equity.

(b) IAS 16 – Property, plant and equipment

IAS 16 Property, plant and equipment allows for property, plant and equipment to continue to be carried at cost less depreciation, same as under Canadian GAAP.

(c) Reclassification within Equity Section

IFRS requires an entity to present for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. The Company examined its "contributed surplus" account and concluded that as at the Transition Date, the entire amount of $2,123,527 relates to "Warrants reserve". As a result, the Company believes that a reclassification would be necessary in the equity section between "Contributed surplus" and the "Warrants reserve" account. In addition, the Company re-classed the fair value of the expired options and warrants with an amount of $4,738,512 and $2,123,527, respectively, from stock options reserve and warrants reserves to additional paid-in capital.

(d) Cumulative Translation differences

IFRS requires that the functional currency of each entity of the Company be determined separately and record the foreign exchange resulting from the consolidation in equity rather than in the statement of operations. IFRS 1 provides an exemption and allows for such adjustments to be made as of the Transition Date, resulting in $3,700,992 change to the January 1, 2010 financial statements on the Transition Date.

For the nine months ended September 30, 2010, the foreign exchange resulting from the consolidation amounted to a gain of $67,792; the amount was recorded as other comprehensive income and "Foreign currency translation reserve" in the Statement of Equity.

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

For the year ended December 31, 2010, the foreign exchange resulting from the consolidation amounted to a gain of $40,622; the amount was recorded as other comprehensive income and "Foreign currency translation reserve" in the Statement of Equity.

Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the September 30, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

IFRS 9	Financial Instruments
IFRS 7 (Amendment)	Financial Instruments: Disclosure
IAS 12 (Amendment)	Income Taxes
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27 (Amendment)	Separate Financial Statements
IAS 28 (Amendment)	Investments in Associates and Joint Ventures

13. CONTRACTUAL OBLIGATIONS

The Company's only contractual obligation consists of operating lease commitments for office space in Vancouver and is summarized as follows:

	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Operating leases	$8,932	$116,116	$9,744	--	$134,792

14. 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.

15. 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 IFRS. 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.

16. 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:

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.

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 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 costs Mundoro Capital incurs. 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 cause the termination of operations on the property, and thereby have a material and adverse effect on Mundoro Capital's results of operation and financial condition.

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 investment experience, there can be no assurance that Mundoro Capital's management will be able to successfully execute Mundoro Capital's 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.

Uncertainty of exploration and development of properties.

Exploration and development projects are uncertain and consequently, it is possible that actual cash operating costs and economic returns will differ significantly from those estimates for a project prior to production. Mineral resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. There can be no assurance that the Company will successfully acquire additional mineral rights. While discovery of additional ore bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and receipt of adequate financing. They typically require a number of years and significant expenditures during the development phase before production is possible. The economic feasibility of development projects is based on many factors such as: estimation of reserves; anticipated metallurgical recoveries; environmental considerations and permitting; future gold prices; and anticipated capital and operating costs.

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 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 would 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.

Changes in the market price of commodities.

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.

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

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

Mundoro Capital's Common 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.

Limited Number of Investments.

The Company intends to participate in a limited number of investments and, as a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavourable performance of even a single investment. In addition, as the Company's investments are expected to be concentrated in the resource sector, the Company's performance will be disproportionately subject to adverse developments in the resource sector.

Certain of Mundoro Capital's directors serve in similar positions with other public companies, which may 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 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 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 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 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 results of operation and financial condition.

Operations in foreign countries may limit or disrupt Mundoro Capital's operations, restrict the movement of funds or result in the deprivation of contractual rights of the taking of property by nationalization or expropriation without fair compensation.

The Company's future concessions and operations in foreign countries are subject to the political risks and uncertainties associated with investment in a foreign country. The Company's interests located in foreign countries are subject to foreign countries' federal and state laws and regulations. As a result, the Company's mining investments are subject to the risks normally associated with the conduct of business in foreign countries. Investors should assess the political risks of investing in a foreign country. Any variation from the current regulatory, economic and political climate could have an adverse effect on the affairs of the Company. In addition, the enforcement by the Company of its legal rights to exploit its properties may not be recognized by the government of the foreign country or by its court system.

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 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.

17. 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

Condensed Consolidated Interim Financial Statements

Nine Months Ended September 30, 2011

Expressed in United States Dollars

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 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 entity's auditor.

Mundoro Capital Inc.
(an exploration stage company)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in United States Dollars – unaudited)

As at		September 30, 2011		December 31, 2010
ASSETS				
Non-current assets				
Mineral interests (note 7)	$	**105,597**	$	100
Equipment and vehicles (note 6)		**-**		53,030
		105,597		53,130
Current assets				
Deposits		**10,819**		16,678
Prepaid expenses		**61,007**		52,985
Amounts receivable (note 5)		**89,076**		47,823
Cash and cash equivalents (note 4)		**6,716,093**		9,338,122
		6,876,995		**9,455,608**
Assets classified as held for sale (note 17)		**228,801**		-
TOTAL ASSETS	**$**	**7,211,393**	**$**	**9,508,738**
EQUITY				
Share capital (note 11)	$	**35,923,158**	$	35,873,603
Additional paid-in-capital (note 11(e))		**7,265,847**		6,890,036
Stock options reserve (note 11(e))		**681,449**		863,532
Foreign currency translation reserve (note 11(e))		**(788,892)**		40,622
Deficit		**(36,201,626)**		(34,432,801)
TOTAL EQUITY		**6,879,936**		**9,234,992**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 & 12)		**235,300**		201,961
Current portion of compensation liabilities (note 11(d))		**1,532**		71,785
		236,832		**273,746**
Liabilities directly associated with the assets classified as held for sale (note 17)		**94,625**		-
TOTAL LIABILITIES		**331,457**		**273,746**
TOTAL EQUITY AND LIABILITIES	**$**	**7,211,393**	**$**	**9,508,738**

Nature and continuance of operations (note 1)
Commitments (note 13)
Segmented information (note 14)
Subsequent events (note 17)

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements are authorized for issue by the Board of Directors on November 24, 2011

They are signed on the Company's behalf by:

/s/ Thomas Allen Director   */s/ Teo Dechev Director*

Mundoro Capital Inc.
(an exploration stage company)
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in United States Dollars – unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	(unaudited)	*(unaudited)* *(Note 18)*	*(unaudited)*	*(unaudited)* *(Note 18)*
Interest income	$ 13,076	$ 16,571	$ 56,143	$ 26,854
Other projects related costs (note 9)	172,223	-	286,113	-
	172,223	-	286,113	-
EXPENSES				
Accounting and audit	25,079	21,570	115,342	93,904
Corporate communication	42,911	25,544	118,703	95,303
Corporate development	116,778	42,161	285,413	203,574
Corporate governance	156,088	50,552	288,753	209,276
General and administrative	49,894	13,095	99,254	57,507
Government and community relations	-	-	5,024	10,159
	390,750	152,922	912,489	669,723
LOSS BEFORE OTHER EXPENSES (INCOME)	549,897	136,351	1,142,459	642,869
OTHER EXPENSES (INCOME)				
Foreign exchange loss (gain)	(104,665)	248,771	(51,444)	77,876
Share-based payments (note 11(c)&(d))	178,509	179,163	183,409	181,069
	73,844	427,934	131,965	258,945
LOSS (INCOME) FOR THE PERIOD FROM CONTINUING OPERATIONS	623,741	564,285	1,274,424	901,814
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations (note 17)	296,101	206,105	494,401	888,348
NET LOSS FOR THE PERIOD	919,842	770,390	1,768,825	1,790,162
OTHER COMPREHENSIVE (INCOME) LOSS				
Foreign currency translation differences for foreign operations	657,729	(89,784)	829,514	67,792
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	$ 1,577,571	$ 680,606	$ 2,598,339	$ 1,857,954
Earning per share				
Basic and diluted, loss for the period attributable to common shareholders (options not included as the impact would be anti-dilutive)	$ 0.02	$ 0.02	$ 0.05	$ 0.05
Earning per share for continuing operations				
Basic and diluted, loss from continuing operations attributable to common shareholders (options not included as the impact would be anti-dilutive)	$ 0.02	$ 0.01	$ 0.03	$ 0.02
Weighted average number of common shares outstanding	38,399,276	38,340,301	38,395,658	38,340,301

The accompanying notes are an integral part of these consolidated financial statements.

Mundoro Capital Inc.

(an exploration stage company)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in United States Dollars – unaudited)

		Share capital		Reserves				
	Note	Number of shares	Amount	Additional paid-in capital	Stock options reserve	Foreign currency translation reserve	Deficit	Total
Balance at January 1, 2010		**38,340,301**	**$ 35,873,603**	**$ 6,862,039**	**$ 695,288**	**$ -**	**$ (31,813,933)**	**$ 11,616,997**
Reclassification of grant-date fair value on expired options		-	-	27,997	(27,997)	-	-	-
Share-based payments		-	-	-	203,174	-	-	203,174
Net loss and comprehensive loss for the period		-	-	-	-	(67,792)	(1,790,162)	(1,857,954)
Balance at September 30, 2010	**18**	**38,340,301**	**$ 35,873,603**	**$ 6,890,036**	**$ 870,465**	**$ (67,792)**	**$ (33,604,095)**	**$ 9,962,217**
Share-based payments		-	-	-	(6,933)	-	-	(6,933)
Net loss and comprehensive loss for the period		-	-	-	-	108,414	(828,706)	(720,292)
Balance at December 31, 2010		**38,340,301**	**$ 35,873,603**	**$ 6,890,036**	**$ 863,532**	**$ 40,622**	**$ (34,432,801)**	**$ 9,234,992**
Shares issued for cash - stock option exercise		58,975	33,831	-	-	-	-	33,831
Reclassification of grant-date fair value on exercise of stock options		-	15,724	-	(15,724)	-	-	-
Reclassification of grant-date fair value on expired options		-	-	375,811	(375,811)	-	-	-
Share-based payments		-	-	-	209,452	-	-	209,452
Net loss and comprehensive loss for the period		-	-	-	-	(829,514)	(1,768,825)	(2,598,339)
Balance at September 30, 2011		**38,399,276**	**$ 35,923,158**	**$ 7,265,847**	**$ 681,449**	**$ (788,892)**	**$ (36,201,626)**	**$ 6,879,936**

The accompanying notes are an integral part of these consolidated financial statements.

Mundoro Capital Inc.
(an exploration stage company)
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in United States Dollars – unaudited)

	For the nine months ended September 30, 2011	September 30, 2010
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (1,768,825)**	**$ (1,790,162)**
Adjustments for items not affecting cash:		
Depreciation	4,188	7,068
Share-based payments	183,409	181,069
Loss on disposal of equipment	2,085	3,657
	(1,579,143)	**(1,598,368)**
Net changes in non-cash working capital items:		
Amounts receivable	(51,785)	2,633
Prepaid expenses	(12,281)	(44,977)
Deposits	761	1,698
Accounts payable and accrued liabilities	143,086	(257,720)
Net cash flows used in operating activities	**(1,499,362)**	**(1,896,734)**
FINANCING ACTIVITIES		
Issuance of common shares for cash, net of share issue costs	33,831	-
Restricted units exercised for cash	(44,211)	(110,904)
Net cash flows from (used in) financing activities	**(10,380)**	**(110,904)**
INVESTING ACTIVITIES		
Expenditures on resource properties	(105,597)	-
Net cash flows from (used in) investing activities	**(105,597)**	**-**
Effects of exchange rate changes on cash and cash equivalents	**(837,304)**	**(68,031)**
Net decrease in cash and cash equivalents	**(2,452,643)**	**(2,075,669)**
Cash and cash equivalents, beginning of period	**9,338,122**	**12,134,801**
Cash and cash equivalents, end of period	**$ 6,885,479**	**$ 10,059,132**
Cash and cash equivalents consist of :		
From continuing operations:		
Cash	**6,657,916**	**9,791,977**
Cash equivalents	**58,177**	**-**
	6,716,093	**9,791,977**
From discontinued operations:		
Cash	**169,386**	**267,155**
	$ 6,885,479	**$ 10,059,132**
Cash paid during the period for interest	**$ -**	**$ -**
Cash paid during the period for income taxes	**$ -**	**$ -**

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Mundoro Capital Inc. (the "Company") 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 of the shares of Mundoro Mining Inc. ("MMI"), which is now a wholly owned subsidiary of the Company, through a Plan of Arrangement. 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. See Note 17, Subsequent Events, on the sale of MMI. 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.

The Company's head office, principal address and records office are located at 1401-1030 West Georgia Street, Vancouver, British Columbia, Canada V6E 2Y3.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2011 the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with funds currently on hand and / or through raising equity.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements were authorized for issue on November 24, 2011 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2010. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS. The disclosures concerning the transition from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS are provided in Note 18.

(Expressed in United States Dollars – unaudited)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

IFRS 9	Financial Instruments
IFRS 7 (Amendment)	Financial Instruments: Disclosure
IAS 12 (Amendment)	Income Taxes
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27 (Amendment)	Separate Financial Statements
IAS 28 (Amendment)	Investments in Associates and Joint Ventures

4. CASH AND CASH EQUIVALENTS

	September 30, 2011	December 31, 2010
Cash at bank	$ 6,657,916	$ 1,815,656
Cash equivalents	58,177	7,522,466
	$ 6,716,093	**$ 9,338,122**

5. AMOUNTS RECEIVABLE

	September 30, 2011	December 31, 2010
Harmonized sales tax receivables	$ 88,946	$ 42,335
Other receivables	130	5,488
	$ 89,076	**$ 47,823**

(Expressed in United States Dollars – unaudited)

6. EQUIPMENT AND VEHICLES

	Computers	Furniture and fixtures	Office equipment	Vehicles	Leasehold improvements	Total
Cost						
As at December 31, 2010	$ 74,853	$ 31,685	$ 122,428	$ 162,402	$ 17,122	**$ 408,490**
Disposals	(7,192)	-	(5,594)	-	-	**(12,786)**
Effect of movements in exchange rates	76	(780)	1,459	4,868	468	**6,091**
Reclass to assets classified as held for sale	(67,737)	(30,905)	(118,293)	(167,270)	(17,590)	**(401,795)**
Balance as at September 30, 2011	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation						
As at December 31, 2010	$ (65,004)	$ (25,176)	$ (102,820)	$ (147,184)	$ (15,276)	**$ (355,460)**
Charged for the period	(1,408)	(903)	(1,775)	-	(102)	**(4,188)**
Eliminated on disposal	6,584	-	4,119	-	-	**10,703**
Effect of movements in exchange rates	(81)	626	(1,473)	(4,411)	(422)	**(5,761)**
Reclass to assets classified as held for sale	59,909	25,453	101,949	151,595	15,800	**354,706**
Balance as at September 30, 2011	$ -	$ -	$ -	$ -	$ -	$ -
Net book value						
As at December 31, 2010	$ 9,849	$ 6,509	$ 19,608	$ 15,218	$ 1,846	$ 53,030
As at September 30, 2011	$ -	$ -	$ -	$ -	$ -	$ -

7. MINERAL INTERESTS

	China Project	Mexico Projects	Total
Balance as at December 31, 2010	**$ 100**	**$ -**	**$ 100**
Add:			
Concession fees	-	105,597	105,597
Less:			
Re-classified to assets classified as held for sale	(100)	-	(100)
Balance as at September 30, 2011	**$ -**	**$ 105,597**	**$ 105,597**

7. MINERAL INTERESTS (continued)

China Project

The Maoling Gold 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. The Maoling Gold Project 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 the city of Dalian. Encouraged by these invitations to participate in the project together with the national policy of opening up mineral resource development to foreign-funded companies, MMI 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 the Company 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 Maoling Gold Project. The exploration license for the Maoling Gold Project, covering an area of approximately 20 square kilometers, was transferred to Tianli in 2002.

Tianli's business license was granted in August 2001 and the exploration license was transferred to Tianli in April 2002. Tianli's business license was not renewed and expired on August 31, 2005. Tianli's exploration license for Maoling Gold Project expired on November 5, 2005, and was not capable of being renewed because Tianli did not have a renewed business license. In August 2007 MMI received correspondence from Aidi, who suggested both parties should discuss the termination of the JV. The reasons cited for the proposed termination and liquidation were Chinese environmental regulations related to water zoning made it impossible for Tianli to conduct mining activities at the Maoling Gold Project. MMI responded to Aidi in September 2007 explaining the reasons why MMI did not believe it was appropriate to terminate the JV or liquidate JV and requested to be allowed to complete the Feasibility Study and the ESIA in order to demonstrate that the Maoling Gold Project could be developed in a sustainable and environmentally responsible manner.

The Company received a letter in March 2010 ("Aidi March 2010 Letter") from Aidi, 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 were Chinese environmental regulations related to water and nature reserve zoning made it impossible for Tianli to conduct mining activities at the Maoling Gold Project and as a result, in Aidi's opinion, force majeure occurred. The Company responded to the Aidi March 2010 Letter with a letter ("Mundoro March 2010 Letter") explaining the reasons why the Company 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 Company does not believe force majeure under the joint venture contract occurred. In response to the Mundoro March 2010 Letter, MMI received a letter from Aidi in July 2010 ("Aidi July 2010 Letter") which was in all material respects similar to the Aidi March 2010 Letter and did not address any of the points raised by MMI in the Mundoro March 2010 Letter. MMI responded to the Aidi July 2010 Letter in August 2010 with a letter ("Mundoro August 2010 Letter") requesting to have an official board meeting to discuss the proposal MMI outlined in the Mundoro March 2010 Letter and reiterating MMI believes the work completed to date by Chinese and international engineering and environmental firms demonstrates the Maoling Gold 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. The Company has received no official response to the Mundoro August 2010 Letter.

On August 2, 2011, the Company announced that it has entered into a definitive share purchase agreement with China National Gold Group Hong Kong Limited ("CNGHK"), which the Company believes to be a wholly-owned subsidiary of China National Gold Group Corporation ("CNG"). Pursuant to the share purchase agreement, CNGHK will acquire 95% of the issued and outstanding shares of MMI, the Company's wholly owned subsidiary, for a cash purchase price of CDN$13,800,000. On October 11, 2011, the Company completed the transaction with CNGHK (see Note 17).

(Expressed in United States Dollars – unaudited)

7. MINERAL INTERESTS (continued)

Mexico Properties

The Company has received from the Mexican General Bureau of Mines ("GBM") the granting of three mineral concessions, comprising the Cuencame Property. The mineral property is located in the Southeast corner of Durango State, bordering the states of Coahuila and Zacatecas, within the highly prospective Altiplano Gold-Silver belt of north-central Mexico. The Cuencame Property covers approximately 43,000 hectares in three 100% owned mineral concessions held through Mundoro's wholly owned Mexican subsidiary, Mundoro de Mexico, S.A. de C.V. The Company has approved a $500,000 exploration budget for an exploration program to be completed over the next twelve months involving geological mapping, geophysical surveys (Magnetics, IP, EM) and drilling. The Company has submitted applications for twelve (12) additional mineral concessions in Durango and Chihuahua States, which applications are awaiting title grant from the GBM.

8. CHINA PROJECT RELATED 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:

	For the nine months ended		
	September 30, 2011	September 30, 2010	Accumulated total
Engineering	$ 735	$ 23,682	$ 3,620,763
Environmental	-	176,975	1,567,621
Geological	140,172	126,041	4,311,561
Mineral exploration	-	-	4,201,370
Community and government relations	-	-	2,910,674
Management and administration expenses for TJV	-	-	3,710,140
	$ 140,907	$ 326,698	$ 20,322,129

As a result of the transaction discussed in Note 17, the above China Project Related Costs have been included in discontinued operations.

(Expressed in United States Dollars – unaudited)

9. OTHER PROJECTS RELATED 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 Mexican projects and projects in other jurisdictions during the nine months ended September 30, 2011:

	Mexico	Other	Total
Assay and sample analysis	$ -	$ 500	**$ 500**
Consulting	63,121	80,491	**143,612**
Field office	50,920	1,337	**52,257**
Legal	1,826	-	**1,826**
Mapping and report	6,907	-	**6,907**
Travel	65,882	15,129	**81,011**
	$ 188,656	$ 97,457	**$ 286,113**

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2011	December 31, 2010
Trade payables	**$ 163,238**	**$ 101,119**
Accrued liabilities	**72,062**	**100,842**
	$ 235,300	**$ 201,961**

11. SHARE CAPITAL

a) Authorized share capital
Unlimited number of common shares without par value.

b) Issued share capital
At September 30, 2011 there were 38,399,276 issued and fully paid common shares (December 31, 2010 – 38,340,301).

c) Stock options
At the Company's 2009 Annual General Meeting ("AGM"), the shareholders approved a stock option plan for the Company's directors, officers, employees and consultants ("2009 Plan"). The 2009 Plan was amended in May 2011 upon shareholder approval at the 2010 AGM.

The Company had a legacy 2004 Stock Option Plan ("2004 Plan") which expired and was terminated in February 2011 after the remaining stock options issued under that plan had expired. There are no outstanding stock options under the 2004 Plan.

The changes in options during the nine months ended September 30, 2011 are as follows:

2004 Plan

	September 30, 2011			December 31, 2010		
		Weighted average exercise price			Weighted average exercise price	
	Number outstanding	**in CAD (1)**	**in USD (1)**	Number outstanding	in CAD (1)	in USD (1)
Outstanding, beginning of period	**300,000**	**$ 2.30**	**$ 2.06**	300,000	$ 2.30	$ 2.06
Expired	**(300,000)**	**2.30**	**2.06**	-	-	-
Outstanding, end of period	**-**	**$ -**	**$ -**	300,000	$ 2.30	$ 2.06

(1) The option prices 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.

11. SHARE CAPITAL (continued)

c) Stock options (continued)
2009 Plan

	September 30, 2011			December 31, 2010		
		Weighted average exercise price			Weighted average exercise price	
	Number outstanding	in CAD (1)	in USD (1)	Number outstanding	in CAD (1)	in USD (1)
Outstanding, beginning of period	**1,721,476**	**$ 0.60**	**$ 0.53**	1,850,451	$ 0.57	$ 0.49
Granted	**1,050,000**	**0.50**	**0.52**	210,000	0.82	0.79
Exercised	**(58,975)**	**0.57**	**0.49**	-	-	-
Expired	**(35,000)**	**0.57**	**0.49**	(105,000)	0.57	0.49
Forfeited	**-**	**-**	**-**	(233,975)	0.57	0.49
Outstanding, end of period	**2,677,501**	**$ 0.56**	**$ 0.53**	1,721,476	$ 0.60	$ 0.53

(1) The option prices 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.

The following summarizes information about stock options outstanding and exercisable at September 30, 2011:

Expiry date	Options outstanding	Options exercisable	Exercise price (in CAD) (1)	Exercise price (in USD) (1)	Weighted average remaining contractual life (in years)
June 29, 2014	1,417,501	1,417,501	0.57	0.49	2.75
August 10, 2015	210,000	210,000	0.82	0.79	3.86
February 25, 2016	100,000	31,500	0.59	0.60	4.41
July 8, 2016	500,000	500,000	0.49	0.51	4.78
July 14, 2016	200,000	66,667	0.49	0.51	4.79
August 1, 2016	250,000	25,000	0.49	0.51	4.84
	2,677,501	**2,250,668**			**3.62**

(1) The option prices 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.

On August 10, 2010, the Directors granted 500,000 stock options at an exercise price of USD $0.79 (CAD $0.82). The grant includes 210,000 stock options which vested on the date of grant and are each exercisable for one common share through August 10, 2015 and 290,000 stock options which were revoked during the six months ended June 30, 2011. No share-based payments were recorded on the 290,000 options.

On February 25, 2011, the Company granted 100,000 options with exercise price of USD $0.60 (CAD $0.59) to two geologists of the Company. The grant includes 85,000 stock options that are subject to specific milestone criteria being met and 15,000 stock options which will vest on June 14, 2011 and are each exercisable for one common share through February 25, 2016. No share-based payments will be recorded for the 85,000 stock options until the specific milestone criteria have been met.

(Expressed in United States Dollars – unaudited)

11. SHARE CAPITAL (continued)

c) Stock options (continued)

During the nine months ended September 30, 2011, the Company also granted options as part of the ordinary course of business on: July 8, 2011, 500,000 options, which are exercisable for a period of five years, to an officer; on July 14, 2011, 200,000 options, which are exercisable for a period of five years, to a director; and on August 1, 2011 250,000 options, which are exercisable for a period of five years, to an officer. The exercise price of these three grants is USD $0.51 (CAD $0.49) which is based on the closing price of the trading day on which a blackout period of the Company ended.

The estimated fair value of the 1,050,000 options granted during the nine months ended September 30, 2011 (September 30, 2010 – 210,000) was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	For the nine months ended			
		September 30, 2011		**September 30, 2010**
Risk-free interest rate		1.20%		2.06%
Expected annual volatility		86%		95%
Expected life		3.48		3.00
Expected dividend yield		0%		0%
Weighted average grant date fair value per option	$	0.29	$	0.48

During the nine months ended September 30, 2011, the Company recognized share-based payments expense of $209,452 (September 30, 2010 – $203,175). For the nine months ended September 30, 2011 and 2010, share-based payments expense (recovery) consists of the following:

	For the nine months ended			
		September 30, 2011		**September 30, 2010**
For services in respect of:				
Accounting and audit	**$**	**-**	$	33,475
Corporate communication and marketing		**49,988**		33,475
Corporate development		**99,976**		74,996
Corporate governance		**42,131**		71,013
Government and community relations		**-**		(9,784)
Project evaluation costs		**17,357**		-
	$	**209,452**	$	203,175

(Expressed in United States Dollars – unaudited)

11. SHARE CAPITAL (continued)

d) Restricted Share Unit Plan

The Company put in place a Restricted Share Unit ("RSU") Plan ("RSU Plan") in October 2008 for its directors, officers, employees and consultants. The RSU Plan was amended in March 2009. During the nine months ended September 30, 2011, 161,667 RSUs were exercised (September 30, 2010 – 114,167). As at September 30, 2011, 8,333 RSUs with an exercise price of CAD 0.23 were outstanding (December 31, 2010 – 170,000). These remaining RSUs will expire on December 31, 2011.

Share-based payments for RSUs are accrued over the RSU vesting period. At the end of each reporting period, the RSU liability is marked-to-market. Share-based payments (recovery) attributable to RSUs for the nine months ended September 30, 2011 and 2010 consists of the following:

	For the nine months ended	
	September 30, 2011	**September 30, 2010**
For services in respect of:		
Accounting and audit	**$ (4,981)**	$ (4,335)
Corporate communication and marketing	**(1,986)**	(1,084)
Corporate development	**(7,432)**	(6,501)
Government and community relations	**(7,432)**	(6,501)
Project management costs	**(4,212)**	(3,685)
	$ (26,043)	$ (22,106)

e) Reserves

Additional paid-in capital
Additional paid-in capital records the fair value of the expired options and warrants initially recorded in stock options reserve and warrants reserve.

Stock options reserve
The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to additional paid-in capital.

Foreign currency translation reserve
The foreign currency translation reserve records foreign exchange differences arising on translation of the Company's financial statements to the presentation currency (USD).

(Expressed in United States Dollars – unaudited)

12. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were $35,730 as at September 30, 2011 (December 31, 2010 – $59,076). These amounts are primarily reimbursement of expenses and service fees.

b) Related party transactions

	For the nine months ended	
	September 30, 2011	**September 30, 2010**
Directors' fees	**$ 76,032**	$ 98,659

c) ***Key management personnel compensation***

	For the nine months ended	
	September 30, 2011	**September 30, 2010**
Short-term employee benefits – management compensation	**$ 62,368**	$ 93,445
Short-term employee benefits – salaries and wages	**241,341**	203,167
Share-based payments	**149,964**	133,898
	453,673	430,510

13. COMMITMENTS

Office Lease

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. As of September 30, 2011, the minimum obligations under these leases are as follows:

	Vancouver
2011	**$ 8,932**
2012	**38,164**
2013	**38,976**
2014	**38,976**
2015	**9,744**
	$ 134,792

(Expressed in United States Dollars – unaudited)

14. SEGMENTED INFORMATION

The Company has three operating segments: the exploration and development of the Maoling Gold Project in China, the exploration and development of the Mexican Projects in Mexico, and corporate administrative functions in Canada. The Company's total assets and losses by segment are as follows:

	Canada	China	Mexico	Other	Total
Total assets:					
As at September 30, 2011	$ 6,876,995	$ 228,801	$ 105,597		**$ 7,211,393**
As at December 31, 2010	9,471,410	37,328	-	-	**9,508,738**
Net loss:					
For the nine months ended September 30, 2011	$ 988,311	$ 494,401	$ 188,656	$ 97,457	**$ 1,768,825**
For the nine months ended September 30, 2010	901,814	888,348	-	-	**1,790,162**

15. CAPITAL MANAGEMENT

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, 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.

16. FINANCIAL INSTRUMENTS

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

a) Fair Value

At September 30, 2011 and December 31, 2010, the carrying values of cash and cash equivalents, deposits, amounts receivable, accounts payable, accrued liabilities and compensation liabilities approximated their fair values due to the short period to maturity of those financial instruments.

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about the financial instruments.

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: Inputs that are not based on observable market data.

The Company's carrying value and fair value of cash and cash equivalents under the fair value hierarchy are measured using Level 1 inputs. As at September 30, 2011 and December 31, 2010, the Company has no other financial instruments that require disclosure under the fair value hierarchy.

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:

Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents. Cash and cash equivalents have been placed on deposit with a major Canadian financial institution.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution.

(Expressed in United States Dollars – unaudited)

16. FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Management (continued)

Credit risk (continued)

Concentration of credit risk exists with respect to the Company's cash and short term investments as the majority of the amounts are held at a single Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

		September 30, 2011
Held at major Canadian financial institution:		
Cash	$	6,657,916
Short-term money market instruments		58,177
Total cash and short-term investments	**$**	**6,716,093**

The credit risk associated with cash is minimized by ensuring the majority of these financial assets are held with a major Canadian financial institution with investment-grade ratings by a primary rating agency.

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 requirements for its 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 annually review, plan and approve 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.

The Company maintained sufficient cash and cash equivalents at September 30, 2011 in the amount of $6,716,093 in order to meet short-term business requirements. At September 30, 2011, the Company had accounts payable and accrued liabilities of $235,300, which will be paid within three months.

16. FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Management (continued)

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, 2011.

Currency risk

The Company operates in Canada, Mexico and China and its expenses are incurred in CAD, RMB, USD and MXN, whereas the functional currency of the Canadian operations and Chinese operations are the CAD and RMB, respectively. The Company is 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 CAD and RMB for its Canadian and Chinese operations, respectively, its reporting currency is USD. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on dates of transactions. At each financial reporting date, monetary assets and liabilities that are denominated in foreign currency are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items are measured in terms of historical costs in a foreign currency are not retranslated. Gains and losses on translation are included in net profit or loss for the period. The financial statements are subsequently translated into the US dollar reporting currency by translating the assets and liabilities at the closing rate at the reporting date and translating income and expenses for the period at the year-to-date average exchange rates, with the resulting translation adjustment recorded in other comprehensive income.

(Expressed in United States Dollars – unaudited)

16. FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Management (continued)

Market Risk

Currency risk (continued)
The Company had the following balances in the currencies held as at September 30, 2011:

	in CAD	in USD	in MXN
Cash and cash equivalents	4,605,610	2,243,971	161,473
Amounts receivable	91,980	-	-
Deposits	11,172	-	-
Accounts payable and accrued liabilities	(206,172)	(35,637)	-
Compensation liabilities	(1,583)	-	-
	4,501,007	2,208,334	161,473
Rate to convert to $1.00 CAD	1.000	1.033	0.0762
Rate to convert to $1.00 USD	0.968	1.000	0.0738

Based on the above net exposure as at September 30, 2011, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD would result in an increase or decrease of approximately $200,758 or 245,370 respectively, in the Company's net loss.

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
RSUs are marked-to-market at each reporting period. When the holder of vested RSUs provides the Company with 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 or decreased by 10%, the Company would have had additional $339 or $(339) RSU stock compensation expense (recovery) for the nine months ended September 30, 2011.

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.

(Expressed in United States Dollars – unaudited)

17. SUBSEQUENT EVENTS

- On October 11, 2011, the Company completed the Strategic Transaction ("Transaction") with China National Gold Group Hong Kong Limited ("CNGHK"), which the Company understands to be a wholly-owned subsidiary of China National Gold Group Corporation ("CNG"). Pursuant to the share purchase agreement, CNGHK acquired 95% of the issued and outstanding shares of MMI, the Company's wholly owned subsidiary, for a cash purchase price of CDN$13,800,000, with the Company retaining 5% of the issued and outstanding shares of MMI. As a result of the completion of the Transaction, the Company reclassified the assets and liabilities as at September 30, 2011 of MMI separately as assets classified as held for sale and liability directly associated with the assets classified as held for sale, respectively.

  As the September 30, 2011, the net assets and losses of MMI consists the followings:

ASSETS		
Current assets		
Cash and cash equivalents	$	169,386
Amounts receivable		6,032
Prepaid expenses		1,669
Deposits		4,525
Non-current assets		
Equipment and vehicles		47,089
Mineral interests		100
TOTAL ASSETS		**228,801**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		94,625
NET ASSETS	**$**	**134,176**
NET LOSS:		
For the nine months ended September 30, 2011	$	494,401
For the nine months ended September 30, 2010		888,348
For the three months ended September 30, 2011		296,101
For the three months ended September 30, 2010		206,105

17. SUBSEQUENT EVENTS (continued)

- Subsequent to the close of the quarter, the Company announced that it has submitted to the TSX Venture Exchange ("TSXV") its Notice of Intention to Make a Normal Course Issuer Bid (the "NCIB Program"). In the opinion of the Company, its common shares have been trading at prices that do not reflect the underlying value of the Company, including its (i) strong financial position, (ii) minority interest in the Maoling Gold Project (iii) exploration program in a prospective mineral region in the Mesa Central belt of Durango-Chihuahua, and (iv) continued project generation program to bring further projects to the Company. Accordingly, Mundoro believes purchasing its Common Shares at current price levels represents an opportunity to enhance value for shareholders. The Company's strong cash position allows for the implementation of the NCIB Program without adversely affecting Mundoro's growth opportunities.

  Pursuant to the NCIB Program, the Company may purchase for cancellation up to a maximum of 1,919,963 of its common shares, or approximately 5% of the common shares outstanding. As of November 10, 2011, there were 38,399,276 common shares issued and outstanding.

  The purchases will be made by the Company through TD Securities Inc. and in accordance with the rules of the TSXV, and the price which the Company will pay for any such Common Shares will be the market price at the time of acquisition. The Company will make no purchases of Common Shares other than open market purchases or other means approved by the TSXV.

  The actual number of common shares of the Company that are purchased for cancellation under the Bid, if any, and the timing of such purchases will be determined by management as approved by the Board of Directors of the Company.

  The Company previously entered into a normal course issuer bid between May 29, 2008 and May 28, 2009. During this time, the Company repurchased 323,760 common shares at an average price of $0.33. All shares purchased were cancelled according to the requirements of the Toronto Stock Exchange.

  To the knowledge of the Company, no director, senior officer or other insider of Mundoro currently intends to sell any Common Shares under this Bid. However, sales by such persons through the facilities of the TSXV may occur if the personal circumstances of any such person change or any such person make a decision unrelated to these normal course purchases. The benefits to any such person whose shares are purchased would be the same as the benefits available to all other holders whose shares are purchased.

  The NCIB Program will commence on November 14, 2011 and will terminate on the earlier of: (i) November 13, 2012; (ii) the date Mundoro completes its purchases pursuant to the notice of intention filed with the TSX Venture; or (iii) the date of notice by Mundoro of termination of the NCIB Program.

18. TRANSITION TO IFRS

As result of the Accounting Standards Board of Canada's decision to adopt IFRS for publicly accountable entities for financial reporting periods beginning on or after January 1, 2011, the Company has adopted IFRS in these financial statements. In prior years, the Company applied the available standards under previous Canadian GAAP that were issued by the Accounting Standards Board of Canada.

As required by IFRS 1 "First-time Adoption of International Financial Reporting Standards", January 1, 2010 has been considered to be the date of transition to IFRS by the Company. Therefore, the comparative figures that were previously reported under previous Canadian GAAP have been restated in accordance with IFRS.

Exemptions applied

The Company has applied the following optional transition exemptions to full retrospective application of IFRS:

- IAS 16 "Property, Plant and Equipment" allows for property, plant and equipment to continue to be carried at cost less depreciation, same as under Canadian GAAP.

- IAS 21 "The Effects of Changes in Foreign Exchange Rates" has not been applied to cumulative translation differences that existed at the date of transition to IFRS. The Company has eliminated the cumulative translation difference and adjusted retained earnings by the same amount at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

- IFRS 2 "Share-based Payment" has not been applied to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP.

(Expressed in United States Dollars – unaudited)

18. TRANSITION TO IFRS (continued)

Reconciliation of loss and comprehensive loss for the three and nine month period ended September 30, 2010

		For the three months ended September 30, 2010			For the nine months ended September 30, 2010		
	Notes	*Canadian GAAP*	*Effect of Transition*	*IFRS*	*Canadian GAAP*	*Effect of Transition*	*IFRS*
Interest and miscellaneous income		$ 16,571	$ -	$ 16,571	$ 26,854	$ -	$ 26,854
EXPENSES							
Accounting and audit	18(a)	21,570	-	21,570	93,904	-	93,904
Corporate communication and marketing		25,544	-	25,544	95,303	-	95,303
Corporate development		42,161	-	42,161	203,574	-	203,574
Corporate governance		50,552	-	50,552	209,276	-	209,276
General and administrative		13,095	-	13,095	57,507	-	57,507
Government and community relations		-	-	-	10,159	-	10,159
		152,922	-	152,922	669,723	-	669,723
LOSS BEFORE OTHER EXPENSES (INCOME)		136,351	-	136,351	642,869	-	642,869
OTHER EXPENSES (INCOME)							
Foreign exchange loss (gain)	18(a)	248,771	-	248,771	77,876	-	77,876
Share-based payments	18(b)	139,964	39,199	179,163	78,363	102,706	181,069
		388,735	39,199	427,934	156,239	102,706	258,945
LOSS (INCOME) FOR THE PERIOD FROM CONTINUING OPERATIONS		525,086	39,199	564,285	799,108	102,706	901,814
DISCONTINUED OPERATIONS							
Loss for the period from discontinued operations	18(a)&(b)	460,192	(254,087)	206,105	1,190,569	(302,221)	888,348
NET LOSS FOR THE PERIOD		985,278	(214,888)	770,390	1,989,677	(199,515)	1,790,162
Foreign currency translation differences for foreign operations	18(a)	(357,240)	267,456	(89,784)	(236,204)	303,996	67,792
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		$ 628,038	$ 52,568	$ 680,606	$ 1,753,473	$ 104,481	$ 1,857,954
Basic and diluted loss per share basic, for loss for the period attributable to common shareholders (options not included as the impact would be anti-dilutive)		$ 0.01	$ 0.00	$ 0.01	$ 0.02	$ 0.00	$ 0.02
Weighted average number of common shares outstanding		38,340,301	38,340,301	38,340,301	38,340,301	38,340,301	38,340,301

(Expressed in United States Dollars – unaudited)

18. TRANSITION TO IFRS (continued)

Reconciliation of equity

	Notes		September 30, 2010
Equity previously reported under Canadian GAAP		**$**	**9,963,855**
Adjustments upon adoption of IFRS:			
Differences arising from the change in functional currency of the Chinese operations from CAD to RMB	18(a)		(1,638)
Equity reported under IFRS		**$**	**9,962,217**

Reconciliation of comprehensive loss for the three month period ended September 30, 2010

	Notes		
Comprehensive loss previously reported under Canadian GAAP		**$**	**1,753,473**
Adjustments upon adoption of IFRS:			
Differences arising from the change in functional currency of the Chinese operations from CAD to RMB	18(a)		1,775
Difference in accounting for share-based payments	18(b)		102,706
Comprehensive loss reported under IFRS		**$**	**1,857,954**

Reconciliation of comprehensive loss for the nine month period ended September 30, 2010

	Notes		
Comprehensive loss previously reported under Canadian GAAP		**$**	**628,038**
Adjustments upon adoption of IFRS:			
Differences arising from the change in functional currency of the Chinese operations from CAD to RMB	18(a)		13,369
Difference in accounting for share-based payments	18(b)		39,199
Comprehensive loss reported under IFRS		**$**	**680,606**

18. TRANSITION TO IFRS (continued)

Notes to reconciliations

a) Functional and presentation currency

IFRS requires that the functional currency of each entity in the consolidated Group be determined separately in accordance with the indicators as per IAS 21 "The Effects of Changes in Foreign Exchange Rates" and should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency is CAD and RMB for its Canadian and Chinese operations, respectively. The consolidated financial statements are presented in USD.

Under IFRS, the results and financial position of the entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- exchange differences arising on translation of foreign operations are transferred directly to the entity's foreign currency translation reserve in the statement of comprehensive income and are recognized in the profit or loss in the period in which the operation is disposed.

Under IFRS, the cash flow statement of the Company must be prepared in the functional currency and then translated to the presentation currency at the exchange rates at the date of the cash flows or an average rate in line with the income statement treatment.

As permitted under IFRS 1, the cumulative impact as at January 1, 2010 was recorded as an adjustment to deficit.

b) Share-based payments

The Company grants stock options that have a graded vesting schedule. Under Canadian GAAP, the Company accounted for grants of options with graded vesting as a single award and determined the fair value using the average life of the options granted. Stock-based compensation was recognized on a straight-line basis over the total vesting period. Under IFRS, the Company treats each installment as its own award. Therefore, each installment is measured and recognized separately.

On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments whereby amounts recorded for expired unexercised stock options are transferred to additional paid-in capital. Previously, the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

c) Reserves

Under Canadian GAAP, amounts recorded in relation to the fair value of stock options granted and warrants issued were recorded to contributed surplus. Under IFRS, these amounts have been reclassified as reserves. The fair value of the expired stock options and warrants has been reclassified as additional paid-in capital.