Management's Discussion and Analysis ("MD&A")

For The Three Months Ending March 31, 2012

Expressed in United States Dollars

1. Introduction

Mundoro Capital Inc. ("Company", "MCI", "Mundoro"), is a Canadian based mineral acquisition, exploration, development and investment company. During 2011, substantially all of Mundoro Mining Inc. ("Mundoro Mining" or "MMI") was disposed of by the Company (see discussion under "Summary of Activities"). Mundoro continues to hold a 5% interest in MMI. Effective September 30, 2011, the Company's common stock is quoted on the TSX Venture Exchange ("TSXV") under the symbol MUN.

This management discussion and analysis ("MD&A") should be read in conjunction with the Company's condensed consolidated interim financial statements for the three months ended March 31, 2012 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").

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 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 May 11, 2012.
- 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

Mexico Exploration Program

Mundoro registered a local Mexican subsidiary (Mundoro de México, S.A. de C.V., ("MMSA") and has staked mineral properties in the Mesa Central belt in northwestern Mexico. To date, the Mexican General Bureau of Mines ("GBM") has granted MMSA four 100%-owned mineral concessions. Three licenses totaling ~452 sq. km. comprise the Cuencame Property and one ~221 sq. km. concession comprises the Camargo Property. The Company has twelve additional applications pending for mineral concessions totaling 1319 sq. km located in Durango and Chihuahua States, Mexico.

The areas which Mundoro has staked have been staked for the purpose of exploring for porphyry and epithermal related mineralization. Many of the outcropping vein type deposits in Mexico have been explored for decades and in some cases for centuries, but deeper targets around the epithermal vein deposits are now considered prospective targets, considering the discovery and development of the Peñasquito Ag-Au-Pb-Zn Deposit at the southern end of the Mesa Central Belt and the Cardero Deposit at the northern end of the Mesa Central Belt in Mexico. This style of mineralization has generally been under explored in Mexico.

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 region. The Technical Report recommends a two phase exploration program consisting of initial surface exploration followed by a trenching and diamond drilling program.

Mundoro completed an initial evaluation and ranking of the mineral concessions staked by the Company on the basis of: (i) air borne geophysics, (ii) favorable geology, (iii) known mineral occurrences and (iv) potentially productive structures. Results from this work have identified the most prospective areas for follow up reconnaissance exploration including: (i) ground magnetics, (ii) ground Induced Polarization and Resistivity, (iii) stream sediment sampling, (iv) geologic mapping and (v) ASTER imagery.

During the quarter, Mundoro continued with the reconnaissance exploration program in Mexico. Mundoro's **Durango-based team** has begun to prepare compilation and analysis of the results from each property and **will conduct more intensive studies on the most promising prospects** after which the Company will provide the next phase of exploration program to be conducted. To date, the following exploration work has been completed for the Rodeo, Mapimi, Jimenez, Camargo, Cuencame and Hidalgo concessions:

- The Rodeo concession is located 160 kilometres north of Durango City, Mexico and covers 4,589 hectares. This property lies within the Sierra Madre Occidental physiographic province that is made up of an island arc assemblage of early Mesozoic age rocks comprised of metamorphosed, deep-water sedimentary and island arc volcanic. Work completed on the Rodeo concession includes: 'Aster' alteration imagery (property wide), prospecting (property wide), geochemical (rock–10 samples; stream sediment–163 samples) and geophysical surveys (Induced polarization–8.25 line kilometres; Ground magnetic–33.3 line kilometres).
- The Mapimi concession is located 250 kilometres northeast of Durango, Mexico and covers 3,360 hectares. This property lies within the Sierra Madre Oriental physiographic province. This province is made up of Mesozoic marine strata that were deformed during the Laramide orogeny. Northeast-southwest oriented compression during the Cretaceous to Early Tertiary deformed the Mesozoic sedimentary rock into a series of roughly parallel northwest trending folds and faults. Work completed on the Mapimi concession includes: 'Aster' alteration imagery (property wide), prospecting (property wide); geochemical (rock–20 samples; stream sediment–52 samples) and geophysical surveys (Induced polarization–5.4 line kilometres; Ground magnetic–26.2 line kilometres).

- The Jimenez concession is located 300 kilometres north of Durango City, Mexico and covers 72,748 hectares. This property lies within the Sierra and Llanuras del Norte physiographic province. This province is made up of Tertiary volcanic, intrusive and Cretaceous, Tertiary and Quaternary sedimentary rocks. Work completed to date on the Jimenez concession includes: 'Aster' alteration imagery (property wide), prospecting (property wide); mapping of continuous chip sampling trenches, geochemical (rock–86 samples; stream sediment–121 samples; soil–7 samples) and geophysical surveys (Induced polarization-12.0 line kilometres; Ground magnetic–41.1 kilometres).
- The Camargo concession is located 480 kilometres north of Durango City and covers 22,100 hectares. This property lies within the Sierra and Llanuras del Norte physiographic province. This province is made up of Tertiary volcanic, intrusive and Cretaceous, Tertiary and Quaternary sedimentary rocks. Work completed on the Camargo concession includes: 'Aster' alteration imagery (property wide), geochemical (rock–6 samples) and geophysical surveys (Induced polarization–21.5 line kilometres; Ground magnetic–35.8 line kilometres).
- The Cuencame (Cuencame and Cuencame 1, 2, 4) concessions are located 165 kilometres northeast of Durango City and cover 46,455 hectares. These properties lie within the Sierra Madre Oriental physiographic province. This province is made up of Mesozoic marine strata that were deformed during the Laramide orogeny. Northeast-southwest oriented compression during the Cretaceous to Early Tertiary deformed the Mesozoic sedimentary rock into a series of roughly parallel northwest trending folds and faults. Work completed to date on the Cuencame concessions includes 'Aster' alteration imagery (property wide) and 32 stream sediment samples (Cuencame 1).
- Hidalgo (1, 2, 3, 4 and 5) concessions are located approximately 250 kilometres north of Durango City and cover 16,375 hectares. These properties lie within the Sierra and Llanuras del Norte physiographic province. This province is made up of Tertiary volcanic, intrusive and Cretaceous, Tertiary and Quaternary sedimentary rocks. Work completed to date on the Hidalgo concessions includes 68 stream sediment samples completed on Hidalgo 1, 2 and 5. In addition, 'Aster' alteration imagery (property wide) and geophysical surveys (Induced polarization-not completed; Ground magnetic-21.5 line kilometres) have been done.

<u>Serbia Exploration Program</u>

Pursuant to the project generation program initiated in 2011, the Company through its wholly-owned subsidiary, Stara Planina Resources EAD, has received approval from the Serbian government for three mineral exploration licenses in the Republic of Serbia ("Serbia"): (i) Osanica-Bukovska, (ii) Rakova Bara and (iii) Železnik. The Company owns 100% of the three licenses. The license areas are a total of 183 sq. km (18,300 hectares) and are located in northeastern Serbia approximately 100 km East of Belgrade.

The three mineral exploration licenses are within the well-known Timok Magmatic Complex ("TMC"), which hosts significant Au-Cu porphyry deposits (Bor, Madjenpek, etc.) and related Cu-Au epithermal deposits. TMC is a segment of the Tethyan Metallogenic Belt, a host to world class porphyry and epithermal Cu-Au deposits from Eastern Europe to Southeast Asia, which resulted from the convergence and collision of the Indian, Arabian and African plates with Eurasia. Within the Timok province the most economically significant segments comprise the Upper Cretaceous subduction-related magmatic rocks. The bulk of Mundoro's project areas contain Jurassic sediments and late Cretaceous volcanics, sediments and breccias of andesitic composition intruded by dykes, sills and stocks, of dioritic, quartz-dioritic and granodioritic composition, similar to areas containing major mines and ore deposits in the area.

The Company is initiating an exploration program on these license areas and has four additional applications with the Ministry of Environment, Mining and Spatial Planning.

Project Acquisitions

In parallel with the exploration programs in Mexico and South Eastern Europe, the Company will continue to evaluate advanced stage projects to maximize the efforts to reach production from an operation. All properties staked or acquired are evaluated on a quarterly basis as to whether to continue exploration, progress into development, drop the property, or joint venture with another company.

Maoling Property, China

On August 2, 2011, the Company announced it had entered into a definitive share purchase agreement with China National Gold Group Hong Kong Limited ("CNGHK"), which the Company understood 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 Mundoro Mining Inc. ("MMI"), the Company's previously wholly owned subsidiary, for a cash purchase price of CDN$13,800,000. On October 11, 2011, the Company completed the transaction with CNGHK. The Company maintains an interest in the Maoling Gold Project through its 5% interest in MMI. Maoling is a pre-feasibility stage gold deposit located in Liaoning Province, China.

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 Joint Venture Contract, where MMI 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 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 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 2006, Golder Associates completed an updated gold resource with 4.8 million gold ounces (161 million tonnes at 0.92 g/t gold) in the Measured and Indicated category and an additional 4.4 million gold ounces (158 million tonnes at 0.9 g/t gold) in the Inferred category. The Measured, Indicated and Inferred Resources of Maoling place it in the category of one of the largest undeveloped gold deposits in the world.

In June 2005, AMEC prepared a technical report in respect of the Pre-Feasibility Study ("PFS") on the Zone 1 deposit of the Maoling Gold Project. The PFS considered only the Maoling Gold Project's Indicated Resources (as defined in NI 43-101) of 120 million tonnes (with grading of 1.0 gram of gold per tonne using a 0.50 grams of gold per tonne ("g/t") cut-off grade) located in the northern half of Zone 1. The pre-feasibility study outlined a Reserve of 2.8 million ounces (88 million tonnes at 1 g/t gold) in the Probable category.

After completion of the PFS in June 2005 until time of the sale to CNG, Mundoro conducted engineering and environmental studies for Maoling. . In September 2005, MMI assembled a core group of consultants to conduct the Feasibility Study and to assist in the mine permitting process for the Maoling Gold Project. The development team included Ausenco, Golder and ENFI. Golder was responsible for resource modeling and estimation, mine and tailings facility design, hydrology and geotechnical studies, and Ausenco was the project manager, finalizing process design and working on costing. The mining plan for this study was based on the Measured and Indicated Resources from the Golder 2006 Resource Estimate. The study used environmental, hydrological, geotechnical and metallurgical data collected from the Maoling Gold Project during 2005. The Feasibility Study was not completed since additional geotechnical work was required, but could not be done so long as the Joint Venture did not have a valid business license and exploration license. The Company completed various environmental focused studies for Maoling.

Normal Course Issuer Buy Back Program

Mundoro submitted to the TSXV its Notice of Intention to Make a Normal Course Issuer Bid (the "NCIB Program") in Q4-2011. 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 May 11, 2012, there were 37,911,776 Common Shares of Mundoro 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 TSX.

In 2011, the Company purchased and cancelled 206,500 common shares with an average purchase price of CAD $0.314 per share. During the three months ended March 31, 2012, the Company purchased and cancelled 281,000 common shares with an average purchase price of CAD $0.380 per share.

Outlook

The Company continues to evaluate advanced and development stage mineral resource properties for acquisition or joint venture while at the same time advancing the exploration properties in Mexico and South Eastern Europe. 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. FINANCIAL HIGHLIGHTS

The Company's loss for the first quarter of 2012 was $969,778 ($0.03 per share), compared to a loss of $694,852 ($0.02 per share) for2011, which included loss from discontinued operations of $112,220. The2012 loss was principally attributable to the following:

- Exploration and project evaluation costs of $567,883, compared to $149,823 in 2011; and
- Corporate expenses of $381,467, compared to $174,736 in 2011.

The Company ended the period with $18,905,340 in cash and cash equivalents and short-term investments, and no debt.

5. SUMMARY OF QUARTERLY RESULTS

The following quarterly information is prepared in accordance with IFRS beginning with the transition date of January 1, 2010. The Company's reporting currency is the U.S. dollar.

US$000's, except per share data	Q1/12	Q4/11	Q3/11	Q2/11	Q1/11	Q4/10	Q3/10	Q2/10
From continuing operations:								
Interest Income	$ 54	$ 37	$ 13	$ 26	$ 17	$ 20	$ 17	$ 6
Exploration and project evaluation	(568)	(351)	(289)	(138)	(150)	-	-	-
Corporate expenses [(1)]	(381)	(308)	(274)	(173)	(175)	(394)	(153)	(214)
Other income (expense) [(2) & (3)]	(74)	986	(343)	(171)	(275)	27	(519)	41
Income (loss) for the period	(969)	364	(893)	(456)	(583)	(347)	(655)	(167)
Income (loss) per share:								
Basic	$ (0.03)	$ -	$ (0.02)	$ -	$ (0.02)	$ (0.01)	$ (0.02)	$ -
Diluted	(0.03)	-	(0.02)	-	(0.02)	(0.01)	(0.02)	-
Income (loss) on discontinued operations:	$ -	$ 12,417	$ (296)	$ (86)	$ (112)	$ (758)	$ (206)	$ (232)
Earnings (loss) per share on discontinued operations:								
Basic	$ -	$ 0.31	$ -	$ -	$ -	$ (0.04)	$ -	$ -
Diluted	-	0.31	-	-	-	(0.04)	-	-

(1) Corporate Expenses include accounting and audit, corporate governance, 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) As part of the year end close process, management identified a reclassification between foreign exchange (gains) losses and the foreign currency translation reserve. The above quarterly table includes the revised reclassification.

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;(iii) foreign exchange gains or losses that principally result from translating the foreign currency transactions to the functional currency of each entity, and (iv) disposal of subsidiaries.

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

6. Result Of Operations

The following selected annual information is prepared in accordance with IFRS. The Company's reporting currency is the U.S. dollar.

	For the three months ended March 31, 2012	March 31, 2011	March 31, 2010
From continuing operations:			
Interest income	53,891	17,338	3,879
Exploration and project evaluation	567,883	149,823	-
Corporate expenses (1)	381,467	174,736	303,035
Other expense (2) & (3)	74,319	275,411	6,349
Loss for the period	(969,778)	(582,632)	(342,732)
Basic and diluted loss per share	$ (0.03)	$ (0.02)	$ (0.01)
Loss on discontinued operations:	-	(112,220)	(449,987)
Basic and diluted loss per share on discontinued operations:	$ -	$ -	$ (0.01)

	As at March 31, 2012	As at December 31, 2011	As at December 31, 2010
Total Assets	19,436,881	19,900,885	9,508,738
Total Long Term Liabilities	Nil	Nil	Nil
Cash Dividends per Share	Nil	Nil	Nil

(1) Corporate Expenses include accounting and audit, corporate governance, corporate communication, and general and administrative expenses.

(2) Other Expenses include stock-based compensation, litigation settlement of $389,883 in 2010 and foreign exchange loss (gain).

(3) As part of the year end close process, management identified a reclassification between foreign exchange (gains) losses and the foreign currency translation reserve. The above table includes the revised reclassification.

The principal factors that cause fluctuations in the Company's results related to non-cash items include: (i) the timing of stock option grants; (ii) mark-to-market adjustments on restricted share units; (iii) foreign exchange gains or losses that principally result from translating the foreign currency transactions to the functional currency of each entity, and (iv) disposal of subsidiaries.

Quarter Ended March 31, 2012 Compared to the Quarter Ended March 31, 2011

The Company's net loss for the quarter ended March 31, 2012 was $969,778 ($0.03 per share), an increase of $274,926 when compared to the loss for the quarter ended March 31, 2011 of $694,852 ($0.02 per share), which included loss from discontinued operations of $112,220. The increase in loss for the quarter ended March 31, 2012 compared to the quarter ended March 31, 2011 is primarily due to:

- Expenditures on exploration and project evaluation costs of $567,883 for the quarter ended March 31, 2012 (2011: $149,823). This increase was primarily the result of the exploration activity in Mexico and project generation activity.
- Corporate expenses increased by $206,731 to $381,467 for the quarter ended March 31, 2012 compared to $174,736 for the quarter ended March 31, 2011.This increase was primarily the result of increases in accounting and audit fees, corporate governance expenses and general and administrative expenses.

7. Financial Condition, Liquidity And Capital Resources

The Company's principal source of liquidity as at March 31, 2012 was cash and cash equivalents totaling $8,831,465 (December 31, 2011 – $9,650,881) and short-term investments of $10,073,875 (December 31, 2011– $9,819,335).

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 joint ventures or strategic partnership, project debt, convertible securities or other financial instruments.

With the exception of interest earned on investments and the one-time sale of 95% of the shares outstanding in MMI, the Company does not have revenue and relies upon current cash resources to fund its ongoing business operations.

8. Share Capital

As of March 31, 2012, the Company had one class of common shares issued and 37,911,776 shares outstanding.

Subsequent to March 31, 2012, the Company granted 225,000 stock options to employees.

At the date of this MD&A, the Company had 37,911,776 common shares outstanding and 2,722,500 stock options granted at prices ranging from $0.30 to $0.79.

9. Off Balance Sheet Arrangements

There are no off balance sheet arrangements for the Company.

10. 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 and cash equivalents. 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 R1L or higher. Other accounts receivable represent amounts owing from government agencies. The Company does not hold any asset-backed commercial paper.

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

11. Changes in Accounting Policies

Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the March 31, 2012 reporting period. As at March 31, 2012, the following standards are assessed not to have any impact on the Company's financial statements:

		Effective Date
IAS 1 (Amendment)	Presentation of Financial Statements	July 1, 2012
IFRS 7 (Amendment)	Financial Instruments: Disclosure	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 27 (Amendment)	Separate Financial Statements	January 1, 2013
IAS 28 (Amendment)	Investments in Associates and Joint Ventures	January 1, 2013
IFRS 9	Financial Instruments	January 1, 2015

12. Contractual obligations

The Company's only contractual obligations consist of operating lease commitments for office space in Vancouver and Durango, summarized as follows:

	Less than 1 year	1-3 years	4-5 years	After 5years	Total
Operating leases	$43,307	$78,171	--	--	$121,478

13. 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.

14. 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.

15. RISKS AND UNCERTAINTIES

The Company is a mineral acquisition, exploration, development and investment company and is exposed to a number of risks and uncertainties that are common to other companies in the same business. 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 as it is not always possible to fully insure against some or any of the risk factors. Risks to be considered include, but are not limited to:

Global Financial Condition

Financial conditions globally continue to experience significant volatility following the U.S. led financial crisis in 2008, which impacted numerous financial institutions globally, and more recently the escalating financial turmoil in Europe. Each has created considerable uncertainty as a result of excessive government debt levels and the unprecedented steps being taken to avert a full blown global crisis. These factors may impact the ability of the Company to issue debt and equity in the future and to issue it on terms that are reasonable to the Company. Although there have been certain signs of economic recovery, these increased levels of volatility and market turmoil may continue and, as a result, the Company's business, financial condition, results of operations and share price could be adversely impacted.

Environmental Laws and Regulations

Our activities are subject to extensive federal, provincial, state and local laws and regulations that govern environmental protection and employee health and safety. Mundoro 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. Any future changes to these laws could adversely affect our financial condition, liquidity or results of operations. 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's operations.

Permits and Licensing

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 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 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 or the operators of those properties in which Mundoro holds an interest, will be able to obtain on a timely basis 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's results of operation and financial condition.

Exploration & Development

Exploration is highly speculative in nature and exploration projects involve many risks that even a combination of careful evaluation, experience and knowledge utilized by the Company may not eliminate. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible. Substantial expenditures are normally required to locate and establish Mineral Reserves and to permit and construct mining and processing facilities. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations all have an impact on the economic viability of a mineral deposit. The Company has no production of minerals and its properties are all currently at the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties, and substantial additional work will be required in order to determine the presence of any such deposit.

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.

Competition

The mining industry is competitive with many companies competing for the limited number of precious metal acquisition and exploration opportunities. The Company faces competition from other mining companies in connection with the acquisition of properties. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. 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 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. As a result of this competition, there can be no assurance that the Company will be able to acquire or maintain attractive mineral properties or operations on economically acceptable terms. Consequently, the Company's business, results of operations and financial condition could be materially adversely affected.

Key Executives

The success of Mundoro 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's business and prospects. There is no assurance Mundoro can retain the services of its officers or other qualified personnel required to operate its business. Mundoro's success depends on attracting and retaining qualified personnel in a competitive labour environment.

Commodities

Mundoro'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 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's exploration projects that are impossible to predict.

Foreign Exchange

By virtue of its international operations, the Company incurs costs and expenses in a number of foreign currencies. The Company reports in U.S. dollars while the majority of operating and capital expenditures are denominated in the Mexican peso, Canadian dollar, Bulgarian lev, which is pegged to the Euro, and Serbian dinar. Fluctuations in exchange rates between the U.S. dollar and the Euro, the U.S. dollar and the Serbian dinar and Bulgarian lev, the U.S. dollar and the Canadian dollar, and the U.S. dollar and the Mexican Peso give rise to foreign exchange exposures, either favourable or unfavourable, which could have a material impact on the Company's results of operations and financial condition. The Company does not anticipate entering into hedging or derivative arrangements to manage its foreign exchange risk.

Financing

Mundoro has finite 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 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's profitability, results of operation and financial condition.

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 in creating revenues, cash flows or earnings. The value of Mundoro's common shares will be affected by such volatility.

Dilution to Common Shares

During the life of the Company's outstanding stock options granted under its share based compensation plans, the holders are given an opportunity to profit from an increase in the market price of the common shares with a resulting dilution in the interest of shareholders. The holders of stock options may exercise such securities at a time when the Company may have been able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding rights. The increase in the number of common shares in the market, if all or part of these outstanding rights were exercised, and the possibility of sales of these additional shares may have a depressive effect on the price of the common shares.

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.

Conflicts of Interest

Certain of the directors of Mundoro 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 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 for the acquisition of mineral property investments. Such conflicts of the directors and officers may result in a material and adverse effect on Mundoro's results of operation and financial condition.

Insured and Uninsured Risks

The Company's business is subject to numerous risks and hazards, including severe climatic conditions, industrial accidents, equipment failures, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and other natural events such as earthquakes. Such occurrences could result in damage to mineral properties or facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in operations, monetary losses and possible legal liability. In order to eliminate or reduce certain risks, the Company purchases and maintains insurance coverage, subject to limits and deductibles that are considered reasonable and prudent. This insurance does not cover all potential risks because of customary exclusions and/or limited availability, and in some instances, the Company's view that the cost of certain insurance coverage is excessive in relation to the risk or risks being covered. Further, there can be no assurance insurance coverage will continue to be available on commercially reasonable terms, that such coverage will ultimately be sufficient, or that insurers will be able to fulfill their obligations should a claim be made. Losses arising from any such events that are not fully insured may cause the Company to incur significant costs that could have a material adverse effect on its business, financial condition and results of operations.

Mineral Resources and Reserves 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 ore bodies 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's results of operation and financial condition.

Title to Properties

A defect in the chain of title to any of the underlying properties in which Mundoro 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 has an interest and may result in a material and adverse effect on Mundoro's results of operation and financial condition.

Foreign Operations

The Company's operations consist of the acquisition, exploration, development and investment in mineral resource properties. The majority of the Company's operations and business are outside of Canada, and as such, the Company's operations are exposed to various political and other risks and uncertainties. The Company conducts its operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between or among Mundoro and such entities could restrict or impact the Company's ability to fund its operations. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's business, financial condition and results of operations.

Foreign Country Political Environment

Mundoro operates in foreign countries and the Company's operations in foreign countries may be subject to political, economic and other risks that may affect our future operations and financial position. 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 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 holds royalty or other interests. In certain areas in which Mundoro 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 and such changes may result in a material and adverse effect on Mundoro's results of operation and financial condition. 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.

Security and Safety

The Company has projects located in the States of Durango and Chihuahua, Mexico. Criminal activities in the region or the perception that such activities are likely, may disrupt the Company's exploration programs, hamper the Company's ability to hire and keep qualified personnel, and impair the Company's access to sources of capital. Risks associated with conducting business in the region include risks relating to the safety of personnel and assets. Such risks may include, but are not limited to: kidnappings of employees and contractors, exposure of employees and contractors to local crime related activity and disturbances, exposure of employees and contractors to drug trade activity, and damage or theft of Company or personal assets. These risks may result in serious adverse consequences including personal injuries, kidnappings or death, property damage or theft, limiting or disrupting exploration programs, restricting the movement of funds, impairing contractual rights, or causing the Company to shut down operations, all of which may expose the Company to costs as well as potential liability. Such events could have a material adverse effect on the Company's cash flows, earnings, results of operations and financial condition and make it more difficult for the Company to obtain required financing. Although the Company has developed precautions regarding these risks, due to the unpredictable nature of criminal activities, there is no assurance that the Company's efforts are able to effectively mitigate risks and safeguard personnel and Company's property effectively.

Litigation

All industries, including mining, are subject to legal claims that can be with and without merit. Defense and settlement costs can be substantial, even for claims that have no merit. Potential litigation may arise with respect to a property in which Mundoro 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 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's results of operations and financial condition. The litigation process is inherently uncertain, so there can be no assurance that the resolution of a legal proceeding will not have a material adverse effect on our future cash flow, results of operations or financial condition.

Future Plans

As part of its overall business strategy, the Company examines, from time to time, opportunities to acquire and/or develop new mineral projects and businesses. A number of risks and uncertainties are associated with these potential transactions and Mundoro may not realize all of the anticipated benefits. The acquisition and the development of new projects and businesses are subject to numerous risks, including political, regulatory, design, construction, labour, operating, technical, and technological risks, as well as uncertainties relating to the availability and cost of capital. Failure to successfully realize the anticipated benefits associated with one or more of these initiatives successfully could have an adverse effect on the Company's business, financial condition and results of operations.

MCI's interest in MMI and Maoling Gold Project

Mundoro owns 5% of the issued and outstanding shares of Mundoro Mining which has rights to 79% interest in Tianli for the Maoling Gold Project located in Liaoning Province, China.

China's economy differs from the economies of most developed countries in many respects, including government intervention; foreign investment; domestic sales of commodities; level of development; growth rate; control of foreign exchange; allocation of resources; and legal recourse. Some of these measures benefit the overall economy of China, but may have a negative effect on Mundoro Mining. Regardless of the economic viability of the Maoling Gold Project, factors such as political instability, terrorism, expropriation by governments or the imposition of new regulations or tax laws may prevent or restrict mining or exploration of the Maoling Gold Project.

The activities of foreign-invested mining companies in China are subject to extensive laws and regulations at national, provincial and local level, including the Mineral Resources Law of China and regulations there under; laws and regulations governing foreign investment enterprises in China; and various rules and policies of the Ministry of Land and Resources. Operations of foreign-invested mining companies may be affected by such government regulations and restrictions on production as import and export controls, taxes, maintenance of claims, environmental legislation, land use, water use and safety regulations. The effect of these factors cannot be accurately predicted.

Foreign-invested mining companies are required to work within a framework which is different to that imposed on local companies. Current Chinese regulations permit foreign investment in some mineral sectors but not all. If the Chinese government should impose greater restrictions on foreign investment and on the operations of foreign-invested mining companies, Mundoro Mining's business and future earnings could be negatively affected.

Mechanisms are in place to allow for repatriation of profits and capital from certain foreign-invested mining companies, however there is no certainty that some or all future local currency or capital can be repatriated.

Foreign exchange transactions under Mundoro Mining's capital account, including principal payments in respect of foreign currency-denominated obligations, continue to be subject to significant foreign exchange controls and require the approval of the State Administration of Foreign Exchange. These limitations could affect Mundoro Mining's ability to obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures. Any appreciation of the RMB may adversely affect Mundoro Mining's earnings, through higher foreign currency denominated operating costs.

The Chinese legal system is a system based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. Because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. In addition, as the Chinese legal system develops, changes in such laws and regulations, their interpretation or their enforcement may have a material adverse effect on Mundoro Mining's business operations since the Maoling Gold Project is located in China and, consequently, if a dispute were to arise between Mundoro Mining and its joint venture partners or any third party, Mundoro Mining would be obliged to depend on the courts of China for adjudication.

The legal rights of Mundoro Mining to participate in the Joint Venture are predicated on Mundoro Mining being able to enforce its rights under the Joint Venture Contract governed by the laws of the PRC. Should it become necessary for Mundoro Mining to seek to enforce its legal rights under the Joint Venture Contract, it would need to do so in accordance with the laws of at least China and perhaps other jurisdictions. There can be no assurance that should it become necessary for Mundoro Mining to take such legal action, it will be possible to obtain the legal remedies that are being sought.

16. Qualified Persons & Information concerning estimates of resources

For the Maoling Gold Project, 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.

For the Cuencame Property, the Technical Report was prepared by Alain-Jean Beauregard, P. Geol., FGAC, AEMQ, an 'Independent Qualified Person' as defined by National Instrument 43-101, and an employee of Geologica GroupeConseil Inc., who consented to the filing of the Technical Report prepared for Mundoro Capital Inc. titled "NI 43-101 Technical Evaluation Report on the Cuencame Concessions", dated September 20, 2011 with the securities regulatory authorities and 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

Condensed Consolidated Interim Financial Statements

(Unaudited)

For the Three Months Ended March 31, 2012

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	March 31, 2012	December 31, 2011
ASSETS		
Non-current assets		
Mineral interests (note 9)	$ **155,936**	$ 130,720
Equipment and vehicles (note 8)	**63,157**	24,910
Investment (note 7)	**63,682**	62,284
	282,775	217,914
Current assets		
Deposits	**11,905**	12,089
Prepaid expenses	**33,995**	73,518
Amounts receivable (note 6)	**202,866**	127,148
Short-term investments (note 5)	**10,073,875**	9,819,335
Cash and cash equivalents (note 4)	**8,831,465**	9,650,881
	19,154,106	**19,682,971**
TOTAL ASSETS	$ **19,436,881**	$ **19,900,885**
EQUITY		
Share capital (note 12)	$ **35,366,312**	$ 35,691,807
Share premium (note 12(b))	**386,301**	168,738
Additional paid-in-capital (note 12(e))	**7,354,886**	7,319,886
Stock options reserve (note 12(e))	**596,538**	610,184
Foreign currency translation reserve (note 12(e))	**990,078**	529,719
Deficit	**(25,588,360)**	(24,618,582)
TOTAL EQUITY	**19,105,755**	**19,701,752**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 11)	**331,126**	199,133
TOTAL LIABILITIES	**331,126**	**199,133**
TOTAL EQUITY AND LIABILITIES	$ **19,436,881**	$ **19,900,885**

Commitments (note 14)
Segmented information (note 15)
Subsequent events (note 18)

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

These consolidated financial statements are authorized for issue by the Board of Directors on May 11, 2012.

They are signed on the Company's behalf by:

/s/ Michael Calyniuk 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 March 31, 2012		March 31, 2011
Interest income	$	53,891	$	17,338
EXPENSES				
Accounting and audit		100,880		35,919
Corporate communication		72,845		40,802
Corporate governance		119,639		80,380
General and administrative		88,103		17,635
Exploration and project evaluation (note 10)		567,883		149,823
		949,350		324,559
LOSS BEFORE OTHER EXPENSES		895,459		307,221
OTHER EXPENSES (INCOME)				
Depreciation		3,366		-
Foreign exchange (gain)		49,599		256,485
Share-based payments (note 12(c)&(d))		21,354		18,926
		74,319		275,411
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		969,778		582,632
DISCONTINUED OPERATIONS				
Loss for the period from discontinued operations		-		112,220
NET LOSS FOR THE PERIOD		969,778		694,852
OTHER COMPREHENSIVE (INCOME) LOSS				
Foreign currency translation differences for foreign operations		(460,359)		(249,511)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	$	509,419	$	445,341
Loss per share (note 12(f))				
Basic and diluted loss per share:				
Continuing operations	$	(0.03)	$	(0.02)
Discontinued operations		-		-
Comprehensive loss		(0.01)		(0.01)

The accompanying notes are an integral part of these condensed consolidated interim 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					
	Number of shares	Amount	Share Premium	Additional paid-in capital	Stock options reserve	Foreign currency translation reserve	Deficit	Total
Balance at December 31, 2011	**38,192,776**	**$ 35,691,807**	**$ 168,738**	**$ 7,319,886**	**$ 610,184**	**$ 529,719**	**$ (24,618,582)**	**$ 19,701,752**
Repurchase of common shares	(281,000)	(325,495)	217,563	-	-	-	-	(107,932)
Reclassification of grant-date fair value on expired options	-	-	-	35,000	(35,000)	-	-	-
Share-based payments	-	-	-	-	21,354	-	-	21,354
Net loss and comprehensive loss for the period	-	-	-	-	-	460,359	(969,778)	(509,419)
Balance at March 31, 2012	**37,911,776**	**$ 35,366,312**	**$ 386,301**	**$ 7,354,886**	**$ 596,538**	**$ 990,078**	**$ (25,588,360)**	**$ 19,105,755**

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

Mundoro Capital Inc.

(An exploration stage company)

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in United States Dollars - unaudited)

	For the three months ended March 31, 2012	March 31, 2011
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the year from continuing operations	**$ (969,778)**	**$ (582,632)**
Adjustments for items not affecting cash:		
Depreciation	3,366	-
Share-based payments	21,354	18,926
Unrealized interest income	(33,813)	-
	(978,871)	**(563,706)**
Net changes in non-cash working capital items:		
Amounts receivable	(71,428)	15,143
Prepaid expenses	41,457	20,761
Deposits	498	241
Accounts payable and accrued liabilities	126,593	60,094
Net cash flows used in operating activities	**(881,751)**	**(467,467)**
FINANCING ACTIVITIES		
Issuance of common shares for cash, net of share issue costs	-	33,831
Repurchase of common shares	(107,418)	-
Net cash flows used in financing activities	**(107,418)**	**33,831**
INVESTING ACTIVITIES		
Expenditures on resource properties	(20,132)	-
Purchase of short-term investments	(9,997,627)	-
Proceeds on redemption of short-term investments, net of interest earned	9,997,545	-
Purchase of equipment	(39,084)	-
Net cash flows used in investing activities	**(59,298)**	**-**
Net cash flows from (used in) discontinued operations	**-**	**(84,356)**
Effects of exchange rate changes on cash and cash equivalents	**229,051**	**248,343**
Net increase (decrease) in cash and cash equivalents	**(819,416)**	**(269,649)**
Cash and cash equivalents, beginning of year	**9,650,881**	**9,338,122**
Cash and cash equivalents, end of year	**$ 8,831,465**	**$ 9,068,473**
Cash and cash equivalents consist of :		
From continuing operations:		
Cash	**3,737,368**	**1,235,859**
Cash equivalents	**5,094,097**	**7,640,824**
	8,831,465	**8,876,683**
From discontinued operations:		
Cash	**-**	**191,790**
	$ 8,831,465	**$ 9,068,473**
Cash paid during the period for interest	**$ -**	**$ -**
Cash paid during the period for income taxes	**$ -**	**$ -**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Mundoro Capital Inc. (the "Company" or "MCI" or "Mundoro") is an exploration, development and investment company in the resource sector. The Company's current exploration focus is in Mexico and project generation initiatives in other areas (see Note 10). 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 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"), through a Plan of Arrangement. 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. On October 10, 2011, MCI sold 95% of its shares in MMI.

The Company's head office and principal address is 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 March 31, 2012, 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

These financial statements were authorized for issue on May 11, 2012 by the directors of the Company.

Statement of compliance 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, 2011. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

(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. As at March 31, 2012, the Company does not expect the impact of such changes on the financial statements to be material.

		Effective Date
IAS 1 (Amendment)	Presentation of Financial Statements	July 1, 2012
IFRS 7 (Amendment)	Financial Instruments: Disclosure	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 27 (Amendment)	Separate Financial Statements	January 1, 2013
IAS 28 (Amendment)	Investments in Associates and Joint Ventures	January 1, 2013
IFRS 9	Financial Instruments	January 1, 2015

4. CASH AND CASH EQUIVALENTS

	March 31, 2012	December 31, 2011
Cash at bank	$ 3,737,368	$ 4,683,382
Cash equivalents	5,094,097	4,967,499
	$ 8,831,465	**$ 9,650,881**

5. SHORT-TERM INVESTMENTS

	March 31, 2012	December 31, 2011
Guaranteed Investment Certificate 1.4%	$ 10,073,875	$ -
Guaranteed Investment Certificate 1.25%	-	9,819,335
	$ 10,073,875	**$ 9,819,335**

6. AMOUNTS RECEIVABLE

	March 31, 2012	December 31, 2011
Sales tax receivables	$ 202,866	$ 127,148

(Expressed in United States Dollars - unaudited)

7. INVESTMENT

On October 11, 2011, the Company completed the Strategic 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 previously wholly owned subsidiary, for a cash purchase price of $13,414,980 (CDN$13,800,000), with the Company retaining 5% of the issued and outstanding shares of MMI.

The investment represents the retained 5% ownership interest in MMI. As at March 31, 2012, the balance of the investment was $63,682 (CAD$ 63,511), which includes a reserve for potential costs associated with the transaction (December 31, 2011 - $62,284 (CAD $63,511)).

8. EQUIPMENT AND VEHICLES

	Computers	Furniture and fixtures	Office equipment	Vehicles	Total
Cost					
As at December 31, 2011	$ 1,416	$ 5,066	$ -	$ 19,750	**$ 26,232**
Additions	11,086	26,994	1,004	-	**39,084**
Effect of movements in exchange rates	217	613	5	1,853	**2,688**
Balance as at March 31, 2012	**$ 12,719**	**$ 32,673**	**$ 1,009**	**$ 21,603**	**$ 68,004**
Depreciation					
As at December 31, 2011	$ (92)	$ (243)	$ -	$ (987)	**$ (1,322)**
Charged for the period	(463)	(1,373)	(13)	(1,517)	**(3,366)**
Effect of movements in exchange rates	(12)	(32)	-	(115)	**(159)**
Balance as at March 31, 2012	**$ (567)**	**$ (1,648)**	**$ (13)**	**$ (2,619)**	**$ (4,847)**
Net book value					
As at December 31, 2011	$ 1,324	$ 4,823	$ -	$ 18,763	$ 24,910
As at March 31, 2012	**$ 12,152**	**$ 31,025**	**$ 996**	**$ 18,984**	**$ 63,157**

(Expressed in United States Dollars - unaudited)

9. MINERAL INTERESTS

	Mexico Projects	European Projects	Total
Balance as at December 31, 2011	**$ 112,186**	**$ 18,534**	**$ 130,720**
Add:			
Concession fees	-	20,132	20,132
Add:			
Effect of movements in exchange rates	4,568	516	5,084
Balance as at March 31, 2012	**$ 116,754**	**$ 39,182**	**$ 155,936**

Mexico Properties

The Company has received from the Mexican General Bureau of Mines ("GBM") a grant of three mineral concessions, comprising the Cuencame Property. The Cuencame Property covers approximately 452 square km in three 100% owned mineral concessions held through Mundoro's wholly owned Mexican subsidiary, Mundoro de Mexico, S.A. de C.V. The mineral property is located in the Southeast corner of Durango State, bordering the states of Coahuila and Zacatecas. The Camargo property concession was granted on December 13, 2011 and covers approximately 221 square km. The Company has submitted applications for twelve (12) additional mineral concessions in Durango and Chihuahua States; these applications are awaiting title grant from the GBM.

(Expressed in United States Dollars - unaudited)

10. EXPLORATION AND PROJECT EVALUATION

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 and other projects during the three months ended March 31, 2012:

	For the three months ended March 31, 2012	For the three months ended March 31, 2011
For Mexican project:		
Corporate expenses [1]	$ 44,452	$ 10,650
Government and community relations [2]	-	5,024
Field related expenses [3]	25,633	-
Personnel [4]	143,156	-
Exploration expenditures [5]	165,113	29,972
Project evaluation [6]	10,259	104,177
	$ 388,613	$ 149,823
For European projects:		
Corporate expenses [1]	$ 60,654	$ -
Government and community relations [2]	46,012	-
Field related expenses [3]	-	-
Personnel [4]	30,957	-
Exploration expenditures [5]	7,307	-
Project evaluation [6]	34,340	-
	$ 179,270	$ -
	$ 567,883	$ 149,823

1) Corporate expenses include taxes, legal fees, and general and administrative costs related to the projects.
2) Government and community relations relates to the costs of communicating with governing bodies in the local jurisdictions.
3) Field related expenses include items such as field equipment costs, and lodging for field personnel.
4) Personnel costs include consultants and Company employees.
5) Exploration expenditures include activities such as mapping, sampling and geophysical work.
6) Project evaluation expenditures capture those costs incurred in evaluating new exploration opportunities for the Company.

(Expressed in United States Dollars - unaudited)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2012	December 31, 2011
Trade payables	$ 224,837	$ 84,840
Accrued liabilities	106,289	114,293
	$ 331,126	$ 199,133

12. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At March 31, 2012 there were 37,911,776 issued and fully paid common shares (December 31, 2011 – 38,192,776).

During the quarter ended December 31, 2011, the Company announced that it 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.

The NCIB Program commenced 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. 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.

During the three months ended March 31, 2012, the Company purchased and cancelled 281,000 common shares (2011: nil) and recognized a gain of $217,563 which was recorded as share premium.

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. The stock option plan was amended in May 2011 upon shareholder approval at the 2011 AGM.

The changes in options during the three months ended March 31, 2012 were as follows:

	Number outstanding	Weighted average exercise price in CAD (1)	in USD (1)
Balance, December 31, 2011	**2,685,000**	**$ 0.55**	**$ 0.51**
Granted	112,500	0.41	0.41
Expired	(75,000)	0.59	0.60
Forfeited	(225,000)	0.52	0.52
Balance, March 31, 2012	**2,497,500**	**$ 0.55**	**$ 0.50**

(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.

12. SHARE CAPITAL (continued)

c) Stock options (continued)

The following summarizes information about stock options outstanding and exercisable at March 31, 2012:

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	1,225,000	1,225,000	0.57	0.49	2.25
August 11, 2015	210,000	210,000	0.82	0.79	3.36
February 25, 2016	50,000	33,000	0.59	0.61	3.91
August 3, 2016	700,000	233,333	0.50	0.52	4.35
November 29, 2016	200,000	12,500	0.31	0.30	4.67
February 7, 2017	112,500	28,125	0.41	0.41	4.86
	2,497,500	**1,741,958**			**3.27**

(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 February 8, 2012, the Company granted 112,500 options with an exercise price of USD $0.41 (CAD $0.41) to its employees. The options are exercisable for a period of five years. These options vest one-quarter on the date of grant and one-quarter each on the first, second and third anniversary of the date of grant.

The estimated fair value of the options granted during the three months ended March 31, 2012 was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

(Expressed in United States Dollars - unaudited)

	For the three months ended	
	March 31, 2012	March 31, 2011
Risk-free interest rate	1.32%	1.67%
Expected annual volatility	75.59% - 83.33%	87%
Expected life	3 - 5	3.00
Expected dividend yield	0%	0%
Weighted average grant date fair value per option	$ 0.23	$ 0.33

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

12. SHARE CAPITAL (continued)

c) *Stock options (continued)*

During the three months ended March 31, 2012, the Company recognized share-based payments expense of $21,354 (March 31, 2011 – $27,762). For the three months ended March 31, 2012 and 2011, share-based payments expense consists of the following:

	For the three months ended	
	March 31, 2012	March 31, 2011
For services in respect of:		
Corporate communication and marketing	**$ 5,411**	$ 3,040
Corporate governance	**7,910**	17,265
General and administrative	**4,207**	-
Exploration and project evaluation	**3,826**	7,457
	$ 21,354	$ 27,762

d) *Restricted Share Unit Plan*

As at March 31, 2012 and December 31, 2011, there were no Restricted Share Units (“RSU”) outstanding.

The Company put in place a Restricted Share Unit Plan (“RSU Plan”) in October 2008 for its directors, officers, employees and consultants. Share-based payments for RSUs were 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 three months ended March 31, 2012 and 2011 consists of the following:

(Expressed in United States Dollars - unaudited)

	For the three months ended	
	March 31, 2012	**March 31, 2011**
For services in respect of:		
Accounting and audit	$ -	$ (1,732)
Corporate communication and marketing	-	(433)
Corporate development	-	(2,599)
Government and community relations	-	(2,599)
Project management costs	-	(1,473)
	$ -	$ (8,836)

12. SHARE CAPITAL (continued)

e) Reserves

Share premium
Share premium records the gain incurred from the equity transactions.

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)

f) Earnings (loss) per share

	March 31, 2012	March 31, 2011
Basic and diluted loss per share:		
Continuing operations:		
Loss for the period from continuing operations	$ (969,778)	$ (582,632)
Weighted average number of common shares outstanding	38,086,996	38,388,302
Basic and diluted loss per share:	$ (0.03)	$ (0.02)
Discontinued operations:		
Loss for the period from discontinued operations	$ -	$ (112,220)
Weighted average number of common shares outstanding	38,086,996	38,388,302
Basic and diluted loss per share:	$ -	$ -
Comprehensive income (loss):		
Net loss for the period	$ (509,419)	$ (445,341)
Weighted average number of common shares outstanding	38,086,996	38,388,302
Basic and diluted loss per share:	$ (0.01)	$ (0.01)

(Expressed in United States Dollars - unaudited)

13. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were $28,527 as at March 31, 2012 (December 31, 2011– $50,559). These amounts are reimbursement of expenses and service fees.

b) Related party transactions

	For the three months ended			
		March 31, 2012		March 31, 2011
Directors' fees	$	34,377	$	22,250

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

	For the three months ended			
		March 31, 2012		March 31, 2011
Short-term employee compensation and benefits	$	138,102	$	87,227
Share-based payments		22,728		26,386
	$	160,830	$	113,613

14. COMMITMENTS

Office Lease

In February 2010, the Company signed a lease agreement for office space in Vancouver for a term of five years ending March 31, 2015. As of March 31, 2012, the minimum obligations under these leases are as follows:

		Vancouver		Durango		Total
2012	$	29,314	$	4,222	$	33,536
2013		39,085		-		39,085
2014		39,085		-		39,085
2015		9,771		-		9,771
	$	117,255	$	4,222	$	121,477

During the three months ended March 31, 2012, $17,955 of lease payments had been recognized as an expense (2011 - $21,594 of which $5,522 related to the discontinued operations).

(Expressed in United States Dollars - unaudited)

15. SEGMENTED INFORMATION

The Company has the following operating segments: the Mexico exploration program ("Mexico"), the Serbia exploration program and the project generation program ("Other") and corporate administrative functions in Canada. The Company's total assets and losses by segment for continuing operations are as follows:

	Canada	Mexico	Other	Total
Total assets:				
As at March 31, 2012	$ 19,162,588	$ 242,637	$ 31,656	**$ 19,436,881**
As at December 31, 2011	19,700,664	166,497	33,724	**19,900,885**
Net loss:				
For the three months ended March 31, 2012	$ 651,297	$ 314,732	$ 3,749	**$ 969,778**
For the three months ended March 31, 2011	582,632	-	-	**582,632**

Based on budgetary needs of each operating segment, the Company's management determines the necessary resources to be allocated.

16. 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.

17. FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents and short-term investments as held-for-trading; deposits as held-to-maturity, investment as available-for-sale and accounts payable and accrued liabilities as other financial liabilities.

a) Fair Value

At March 31, 2012 and December 31, 2011, the carrying values of cash and cash equivalents, deposits, accounts payable and accrued liabilities approximated their fair values due to the short period to maturity of those financial instruments. The fair value of the investment was determined based on the proceeds from the transaction adjusted for potential costs associated with the transaction.

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 and 2 inputs. The Company's fair value of investment under the fair value hierarchy is measured using Level 3 inputs. As at March 31, 2012 and December 31, 2011, the Company has no other financial instruments that require disclosure under the fair value hierarchy.

(Expressed in United States Dollars - unaudited)

17. FINANCIAL INSTRUMENTS (continued)

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 counter parties 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.

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:

		March 31, 2012
Held at major Canadian financial institution:		
Cash	$	3,612,197
Short-term money market instruments		5,094,097
Guranteed Investment Certificate		10,073,875
		18,780,169
Held at major Mexican financial institution:		
Cash	$	95,648
Held at major other financial institution:		
Cash	$	29,523
Total cash and short-term investments	**$**	**18,905,340**

The credit risk associated with cash is minimized by ensuring the majority of these financial assets 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.

17. FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Management (continued)

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 and short-term investments at March 31, 2012 in the amount of $8,831,465 and $10,073,875, respectively, in order to meet short-term business requirements. At March 31, 2012, the Company had accounts payable and accrued liabilities of $331,126, which will be paid within three months.

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 ofthe short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2012. As at March 31, 2012, the Company holds $15,167,972 in cash equivalents and short-term investments. Based on this net exposure as at March 31, 2012, and assuming that all other variables remain constant, a 10% increase or decrease in interest rate would result in an increase or decrease of approximately $15,000 in the Company's net loss.

Currency risk

The Company primarily operates in Canada and Mexico and its expenses are incurred in CAD, USD and MXN, whereas the functional currency of the Canadian operations and Mexican operations are the CAD and MXN, 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 as the Company's reporting currency is USD which differs from the functional currency. 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)

17. FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Management (continued)

Market Risk (continued)

Currency risk (continued)

The Company had the following balances in the currencies held as at March 31, 2012:

	in CAD	in USD	in MXN	in Other
Cash and cash equivalents	6,657,118	2,047,244	1,224,689	42,515
Short-term investments	10,046,749	-	-	-
Deposits	11,172	-	9,000	-
Investment	63,511	-	-	-
Accounts payable and accrued liabilities	(281,427)	(6,983)	(526,705)	(1,174)
Rate to convert to $1.00 CAD	1.000	0.997	0.078	0.680
Rate to convert CAD to $1.00 USD	1.003	1.003	1.003	1.003

Based on the above net exposure as at March 31, 2012, 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 $175,449 or $238,954, respectively, in the Company's net loss.

Based on the above net exposure as at March 31, 2012, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the MXN would result a change of $5,522 in the Company's net loss.

Based on the above net exposure as at March 31, 2012, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the other currency would result a change of $2,819 in the Company's net loss.

The Company manages currency risk by balancing its US dollar and Canadian dollar funds. Management actively monitors movements in foreign currency and forecasts foreign currency payments.

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.

18. SUBSEQUENT EVENTS

On April 4, 2012, the Company granted 225,000 options to a Director, with an exercise price of USD $0.37 (CAD $0.37) per share. The options are exercisable for a period of five years. These options vest one-third on the date of grant and one-third each of the first and second anniversary of the date of grant.