MUNDORO

MANAGEMENT DISCUSSION AND ANALYSIS

For The Three and Nine Months Ended September 30, 2014
(Unaudited)
Expressed in Canadian Dollars

1. INTRODUCTION

Mundoro Capital Inc. ("Company", "MCI", "Mundoro") is a Canadian based mineral acquisition, exploration, development and investment company (see discussion under "Summary of Activities"). 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 consolidated financial statements and supporting notes for the three and nine months ended September 30, 2014, 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 Canadian dollars unless otherwise indicated.

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

2. FORWARD LOOKING STATEMENTS

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

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

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of November 18, 2014.

- Readers are cautioned not to place undue reliance on these forward-looking 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

Overview and Outlook

The Company ended the period with $8,357,951 in cash, cash equivalents and short term investments, and has no debt as at September 30, 2014.

Our primary focus is advancing our properties on the Tethyan Metallogenic Belt in Serbia and Bulgaria in Southeastern Europe. Mundoro has methodically acquired a district-scale land position on this prolific mineral belt which hosts significant Gold-Copper (Au-Cu) porphyry and related epithermal deposits. Our experienced team and strong project pipeline, which also includes investments in gold projects in China and Bulgaria, is positioned to drive long-term, sustainable growth in order to attain production related cash flow and shareholder return.

The Company continues to evaluate advanced and development stage mineral resource properties for acquisition, joint venture, or investment while at the same time advancing the current exploration properties in Serbia and Bulgaria. All properties staked or acquired are evaluated on a quarterly basis as to whether to continue exploration, progress into development, joint venture out, or drop the property.

Serbia Exploration Program

The Company's mineral exploration license areas in the Republic of Serbia ("Serbia") total 637 square kilometers (sq.km) and are located in Northeastern Serbia, approximately 100km east of Belgrade, the capital of the country. The mineral exploration licenses are within the well-known Timok Magmatic Complex ("TMC"), a segment of the Tethyan Metallogenic Belt which runs from Eastern Europe through Turkey and into central asia. The TMC hosts significant Au-Cu porphyry deposits (Bor, Majdanpek, Veliki Kreveli, etc.) and related Cu-Au epithermal deposits. The mineral exploration licenses held through the Company's 100%-owned subsidiary Stara Planina Resources EAD are: (i) Zeleznik, (ii) Topla, (iii) Borsko Jezero, (iv) Savinac, (v) Bacevica, (vi) Osnic, (vii) Sumrakovac, and (viii) Dubrava-Ostrelj.

The Serbian Exploration properties are located near the town of Bor; a historically significant mining community with an operating open-pit and underground mine, as well as a smelting and processing facility. The Bor region is ideal for mineral exploration because of the existing infrastructure, known mineral deposits and readily available, highly-skilled and cost-effective labor force.

Summary of activity for Q3 2014:

- **Savinac** license is a 90 sq.km area that is located 15km southwest of the Bor Mine Complex. The property contains a significant area of strong alteration in an approximately 14 sq.km elongated belt which hosts several epithermal Cu-Au prospects marked by Cu-Mo-Ag-Pb-Zn geochemical anomalies.

  The Company completed an initial drill program on the Tilva Rosh prospect within the Savinac exploration license during Q3 2014. This initial drill program at Tilva Rosh was designed to test step-out extensions of the mineralization down dip and along strike. Six inclined diamond drill holes totaling 917.8m were drilled at the southern portion of the Tilva Rosh system to test the vertical extent of the gold mineralization, which was previously confirmed by high grade trenching results of 12m @ 33.03 g/t AuEq (30.39 g/t Au, 171.27 g/t Ag) (see October 21, 2013 press release).

  Assay results from the drilling program have been received, plotted and analysed. The initial drill results are interpreted to be proximal to a Cu-Au porphyry system related to a large area of advanced argillic lithocaps to the north, highlighted with a central Mo anomaly rimmed by Cu and followed outwards to zones of Pb-Zn. This is classic geochemical signatures of porphyry deposit footprints where the company believes further porphyry drill targets exist. Highlights of significant intersections are shown below:

Drill Hole ID	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)
SAV_01	**11**	**18**	**7**	**7.9**	_
Including	13	15	2	24.98	_
Including	13	14	1	42.9	_
	126	133	7	0.35	_
	30	40	10	0.34	_
	67.7	71.8	4.1	0.62	_
SAV_02	95.6	100	4.4	0.54	_
SAV_03	**71**	**76**	**5**	**2.54**	**0.59**
Including	74	74.7	0.7	10.35	1.47
SAV_04	**42.2**	**51.3**	**9.1**	**1.24**	**0.33**
Including	43.3	47.3	3	1.45	0.58
SAV_05	29	50.2	21.2	0.25	_
Including	30.4	36	5.6	0.43	_
Including	46.2	50.2	4	0.35	0.14
SAV_06	**38.5**	**42.9**	**4.4**	**0.59**	**0.21**

- All 6 drill holes intersected mineralisation and it remains open at depth and along strike.
- SAV 01 intersected a hydrothermal breccia and veinlet zone similar to the out-cropping high grade (69.7m). At 102.3m the hole cut argillic altered feldspar andesite porphyry with quartz veinlets and pyrite content of 2 - 5% throughout and minor chalcopyrite mineralisation at 150.9m.
- SAV 02 intersected 8.5m of iron oxide breccia with silicified clasts and continued in a hydrothermal breccia with pyrite down to 40.3m. As in SAV 01, it then cut andesite feldspar porphyry from 30.9m to the end of the hole (158.7m). SAV 02 is characterized by more faulting and veining of the andesite porphyry and sphalerite-galena mineralisation in the quartz veins.
- SAV 03 collared in a quartz-iron oxide hydrothermal breccia which continued down to 48.7m. From 52.5m to 82.6m the drill hole intersected a fault zone which contains semi-massive pyrite chalcopyrite-chalcocite mineralisation from 69.9m to 74.7m. A-type porphyry veins were noted from 115.6m to 121m passing to gypsum/anhydrite stockwork veining and quartz-pyrite veinlets to the end of the hole.
- SAV 04 collared in hydrothermal breccia and intersected quartz-pyrite in andesite and lithic tuff which is moderately argillic altered with rare pyrite±chalcopyrite veinlets (from 23.8m to 29.8m). From 41.3m, the drill hole intersected fault breccia with quartz-massive pyrite-sphalerite ± galena veins containing up to 30% pyrite. From 52.4m the drill hole intersected andesite feldspar porphyry, cross cut by quartz-pyrite vein and veinlets, vuggy texture quartz-pyrite-sphalerite±galena vein with massive pyrite up to 15%) and a hydrothermal breccia zones with quartz-pyrite veins.
- SAV 05 collared in argillic altered andesite porphyry with quartz veinlets with disseminated pyrite and pyrite in fracture fills 1 - 3% continuing to the end of the hole (149.7m). From 19.3m to 94.5m the drillhole cut through a fault and quartz vein zone containing irregular pyrite-barite-sphalerite galena mineralisation.
- SAV 06 is the shortest hole drilled (116.3m). It cut quartz-hydrothermal breccia from 0 m to 8.6m hosted in lithic tuff and continued in andesitic tuff with approximately 1% pyrite to 38.6m. From 38.6m to 67.2m it entered a fault zone containing quartz veins with 1 - 2% pyrite and finished in silicified and brecciated andesite containing pyrite and anhydrite veining.

- **Sumrakovac** license is a 103 sq.km area located 5km southwest of the Bor Mine Complex and is adjacent on the west side to the Freeport/Reservoir Timok JV license. Ground magnetic geophysical results highlighted additional anomalous centers east of the Skorusa Cu-Au porphyry, which have been interpreted as possible stockwork related mineralisation.
  - Mapping at Sumrakovac continued to the east of the Tilva Skorusa porphyry stockwork and covered an area of 6 sq.km at 5K scale and 0.3 sq.km at 2.5K scale. One grab sample from quartz veining returned 71 g/t Au and 15.6 g/t Ag. The high grade gold needs to be confirmed as it is probably due to "nugget effect" during analysis.
  - Further work is required to map the whole porphyry system and follow up soil and ground magnetic anomalies with mapping and rock chip sampling.

- **Zeleznik** license is a 60 sq.km area located 1.8km north of Majdanpek and 45km northwest of the Bor Mine Complex. The southern end of the property comprises anomalous Cu-Mo-Au geochemical results related to andesite porphyry intrusions.
  - Work continued at the western porphyry target which is highlighted with Cu-Au-Mo in soil anomaly 600 x 450m in size. 710m road cuts have been cleaned, mapped and channel sampled. All prospects were detailed mapped, with approximately 6 sq.km covered and 398 channel samples collected from 10 channels.
  - Significant results returned from Channel 1 includes: 42m @ 0.36% Cu with single samples up to 0.5% Cu. Gold was also intersected in the beginning of the channel related to quartz magnetite veinlets 18m @ 0.13 g/t Au and 0.43% Cu. Copper and Gold mineralisation do not overlap completely assuming part of the Copper is supergene enriched (secondary copper) and consists of Copper wad and minor chalcocite.
  - Channel 4 returned 110m @ 0.2% Cu, 8.8 ppm Mo and 0.032 g/t Au including 14m @ 0.31%Cu. Mineralisation of Channel 4 is related to quartz-iron oxide stockwork veinlets at a gneiss-diorite contact. The iron oxides are probably after chalcopyrite which has been oxidized and leached at surface.
  - Channels 2, 3 and 5 intersected lower grade Cu mineralisation with averages between 0.12-02% Cu.

During Q3 2014, the remaining licenses (Borsko Jezero, Dubrava, Topla, Bacevica and Osnic) continue to be kept in good standing.

Bulgaria Exploration Program

The Company's mineral exploration licenses in the Republic of Bulgaria ("Bulgaria") are held through its 100%-owned subsidiary Bulgaria Alpha EAD and are: (i) Zvezda, (ii) Byalo and (iii) Chuprene. The licenses are located in the Southeastern Rhodopes region which is a well-known mineral district that has been underexplored for epithermal low sulphidation gold-silver veins, as well as disseminated, sediment hosted gold and porphyry copper-gold deposits. Key deposits in this area are Chala, Kumovgrad, and Rozino. The exploration areas are located over the Borovitsa Volcanic Complex which is host to a currently producing gold mine owned by a local Bulgarian company which Mundoro, through a 100%-owned subsidiary, owns less than 5% equity interest.

Summary of activity for Q3 2014:

- **Zvezda** license totals 161 sq.km and is located in the Southeastern Rhodopean Region of the country. The Zvezda exploration contract was signed with the Ministry of Mining, Economy and Tourism in March 2013. The Zvezda license is designated brownfields exploration due to its proximity to an adjacent gold mine.

  Work at the Zvezda license was predominantly focused on developing the Angel Voyvoda (AV) and Ramadanska Chuka (RC) projects with mapping, soil sampling, and geophysics undertaken across both project areas.

  Exploration work at the AV project aimed to establish the continuity of structures measured and sampled during the prospecting phase by undertaking an oriented (NE-SW general trend) soil grid that collected soil samples on an initial 200 x 50m grid and infilled at 100 x 50m centers, which aimed to intercept mineralized fault breccias with a general WNW-ESE orientation. Work in Q3 2014 extended the initial soil sample lines to cover zones that reported anomalous gold values from the first phase of the soil sampling program (200 x 50m).

  Work completed at the AV Project is outlined below:
  - Soil Sampling - Soil sampling at the AV Project collected a total of 327 samples using a 200 x 50m grid along one line in the west of the project area and six infill 100 x 50m lines over areas that reported anomalous gold values in the initial soil sampling program (200 x 50m grid).
  - Trenching application - A total of six trenches have been proposed at the AV Project that will look to establish the continuity of gold mineralization along structures measured in the field. Trenches have also been designed to assess the continuity of gold mineralization of west - northwest trending gold anomalies from soil samples.
  - A ground magnetic survey undertaken at AV in late Q3, 2014 was designed to identify the continuity of structures that reported elevated gold values (up to 3.33 g/t AuMagnetic signatures of basement schist material that crops out within the survey area yielded a very low magnetic response therefore making interpretations from ground magnetic data ineffective. Detailed data processing, plotting and interpretation are underway as well as using another geophysical method.

  Exploration at the Eplika project was undertaken in Q3 2014, with mapping and rock chip sampling. Mapping and sampling at Eplika established the following:
  - Gold values of up to 13.6 g/t Au were obtained in an open anomaly (east to west trending vein structure) to the west (western strike extent is cut off by regional fault).
  - Previous historic drilling may not have taken into account that vein structures may dip to the north with most historic drill holes interpreted to have drilled to the south and therefore below (sub parallel) the mineralized vein system/structure.
  - The eastern margin of the anomaly appears to be discontinuous due to a fault system that may offset the structure to the south.

  Three trench sites have been proposed and applied for at Eplika with approval likely to be granted in Q4 2014.

- **Byalo** license is 161 sq.km and is directly adjacent and to the north of the Zvezda license area. The Byalo license exploration contract was signed in October 2013. Work completed during Q3 2014 includes:
  - Mapping and sampling for SpecTerra analysis established an advanced argillic – argillic – phyllic alteration profile within the vicinity of a previously identified stockwork zone that reports values of up to 0.39 % copper and 0.54 g/t gold from rock chip samples. The alteration profile also lies within the vicinity of a previously reported copper – molybdenum soil anomaly.
  - A ground magnetic survey was undertaken that identified a buried (approximately 500m below ground level) “bulls-eye” shaped magnetic high anomaly that lies on the western edge of the stockwork zone that may prove to be a buried porphyry target.
  - An Induced Polarization (IP) survey was completed across four East–West oriented lines (2500m in length) that identified a chargeability anomaly above the magnetic high anomaly within the vicinity of the stockwork zone.

The data is under processing and interpretation.

- o Further work program at the RC Project aims to thoroughly assess historic drilling data which will be used to help develop a drilling program that will test the IP (chargeability) and magnetic high anomalies as well as assessing the source of elevated copper-molybdenum-gold values.
- o A broad 400 x 400m soil sampling survey is underway at Byalo aiming to assess the entire western portion of the license for broad geochemical anomalies that will be followed up with a higher resolution sampling grid over areas reporting anomalous gold, and/or base metal elements. To date approximately half of the 303 planned soil samples have been collected.

- **Chuprene** license is a 199 sq.km area located in northwestern Bulgaria close to the border with Serbia. The Chuprene exploration contract was signed with the Ministry of Mining, Economy and Tourism on June 20, 2014.

  During Q3 2014, a field review of sites reporting anomalous copper and gold values was undertaken. The field review established a priority of work for the project areas within the Chuprene license. The field review identified that the Chuprene Project has high potential for economic copper mineralization. Historic results from prior explorers at the Chuprene Project report copper values of up to 3.2% along a mined fault zone. Work at the Chuprene license surveyed, mapped, and sampled galleries that followed the fault zone and galleries that cross cut the fault zone and established:

  - o Copper mineralization across an 8m sample zone reports an average copper grade of 0.7% Cu with gold values up to 0.9 g/t Au in gallery 2.
  - o Gold values up to 2.9 g/t Au from gallery 3 over a 1.5m sampled zone.

  The proposed work program at the Chuprene License during Q4 2014 aims to:

  - o Continue mapping and sampling galleries in a systematic fashion to establish the dimensions of mineralized zones at the Chuprene Project.
  - o Continue sampling mineralized zones in historic trenches at the Chuprene Project. If anomalous gold or copper values are returned then these trenches will be re-opened, surveyed, mapped, and sampled in an effort to establish a broader geochemical profile.
  - o Undertake soil sampling across mapped structures at the Chuprene Project in an effort to establish continuity along strike and to also evaluate the area for parallel structures that may also be mineralized.
  - o Undertake mapping and sampling at the Severinovets and Dedin Dol prospect areas. Plan a soil sampling program to assess the area for broader geochemical anomalies.
  - o Undertake a field review of the reported sediment hosted copper deposits in the north of the Chuprene License area.

<u>Mexico Exploration Program</u>

Many of the outcropping vein type deposits in Mexico have been explored for decades and in some cases for centuries, but deeper targets under cover and peripheral to outcropping vein deposits are now considered highly prospective targets. These styles of mineralisation have generally been under explored in Mexico. The areas which Mundoro has staked are being explored by the Company for porphyry Au-Cu deposits, "Penasquito Type'' breccia pipe, carbonate replacement and manto type deposits, intrusion-related disseminated sulphide deposits, polymetallic (Au-Ag-Pb-Zn) intermediate sulphidation epithermal deposits and low sulphidation type epithermal deposits.

The Company's mineral concessions, totaling 1728 sq.km, are located on the Mesa Central Belt, Northwestern Mexico in the States of Durango and Chihuahua. The mineral exploration concessions are held through the Company's 100%-owned subsidiary Mundoro de Mexico S.A. de C.V., and are: (i-iv) Cuencame (collectively 4 concession areas), (v) Camargo, (vi) Jimenez, (vii) Hidalgo (collectively 3 concession areas), (x) Mapimi, (xi) Mapimi Fraccion 1, and (xii) Rodeo.

Summary of activity for Q3 2014

Work in Mexico is focused on maintaining the concessions in good standing, reducing non-strategic land holdings and preparing the properties for joint ventures or another form of transaction. The Company compiled a database of the geological information which is being used for joint venture discussions. After completion of geochemical surveys and further assessment of existing rock stream sediment samples on the properties, the Company submitted applications with the Mexican General Bureau of Mines ("GBM") to reduce non-strategic areas of Cuencame, and Cuencame 4, and to drop Cuencame 1, Jimenez and Hidalgo 5. The Company opted on August 18, 2014 to exercise its right to early termination of the option agreement for the Centauro Property due to current market conditions.

4. RESULTS OF OPERATIONS

For the nine months ended September 30, 2014, the Company recorded a net loss of $2,776,253 ($0.06 per share) compared to a net loss of $3,542,942 ($0.08 per share) for the nine months ended September 30, 2013.

The Company ended the three month period with $8,357,951 in cash, cash equivalents and short term investments, and has no debt.

Summary of Quarterly Results

CAD$000's,	Q3/14	Q2/14	Q1/14	Q4/13	Q3/13	Q2/13	Q1/13	Q4/12
From operations:								
Interest Income	$ 38	$ 39	$ 38	$ 43	$ 47	$ 52	$ 54	$ 55
Exploration and project evaluation	(695)	(544)	(607)	(655)	(1,038)	(659)	(874)	(1,039)
Corporate expenses (1)	(219)	(225)	(184)	(365)	(362)	(246)	(312)	(305)
Loss before other (expenses) income	(876)	(730)	(753)	(977)	(1,353)	(853)	(1,132)	(1,290)
Dissident related costs	-	-	-	-	-	-	-	(24)
Other income (expense) (2)	(313)	(60)	(44)	(48)	(76)	(51)	(78)	(42)
Income (loss) for the period	(1,190)	(789)	(797)	(1,025)	(1,429)	(904)	(1,210)	(1,356)
Income (loss) per share:								
Basic	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.03)	$ (0.02)	$ (0.03)	$ (0.03)
Diluted	(0.03)	(0.02)	(0.02)	(0.03)	(0.03)	(0.02)	(0.03)	(0.03)

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

(2) Other income (expense) includes share-based compensation, and foreign exchange loss (gain).

Result of Operations

	For the three months ended September 30, 2014	For the three months ended September 30, 2013	For the nine months ended September 30, 2014	For the nine months ended September 30, 2013
From operations:				
Interest income	37,507	47,345	115,084	153,366
Exploration and project evaluation	694,794	1,038,275	1,846,109	2,571,842
Corporate expenses (1)	218,821	361,929	627,575	919,192
Loss before other expenses (income)	876,108	1,352,859	2,358,600	3,337,668
Dissident related costs	-	-	-	-
Other (income) expense (2)	313,473	76,212	417,653	205,274
Loss for the period	(1,189,581)	(1,429,071)	(2,776,253)	(3,542,942)
Basic and diluted loss per share	$ (0.03)	$ (0.03)	$ (0.06)	$ (0.08)

	As at September 30, 2014	As at December 31, 2013
Total Assets	10,126,324	12,671,634
Total Long Term Liabilities	Nil	Nil
Cash Dividends per Share	Nil	Nil

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

(2) Other income (expense) includes share-based compensation, and foreign exchange loss (gain).

Review of Operations

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; and (ii) foreign exchange gains or losses that principally result from translating the foreign currency transactions to the functional currency of each entity.

Review of Operations for the Quarter Ended September 30, 2014 Compared to the Quarter Ended September 30, 2013

For the quarter ended September 30, 2014, the Company recorded a loss of $1,189,581 ($0.03 per share), compared to a net loss of $1,429,071 ($0.03 per share) for the quarter ended September 30, 2013. The decrease in net loss in the quarter was principally attributable to the following:

Exploration and Project Evaluation Costs
During the three months ended September 30, 2014, exploration and project evaluation costs were $694,794 (September 30, 2013 - $1,038,275). The decrease in exploration expenditures was primarily attributable to reduced exploration costs in Mexico as the Company has moved to a care and maintenance program for the Mexican properties.

Corporate Expenses
During the three months ended September 30, 2014, corporate expenses were $218,821 (September 30, 2013 – $361,929). The decrease during the quarter in 2014 from 2013 was primarily due to a reduction in costs related to corporate governance and corporate communications.

Review of Operations for the Quarter Ended September 30, 2014 Compared to the Quarter Ended June 30, 2014

For the quarter ended September 30, 2014, the Company recorded a loss of $1,189,581 ($0.03 per share), compared to a net loss of $789,245 ($0.02 per share) for the quarter ended June 30, 2014. The increase in net loss in the quarter was principally attributable to the following:

Exploration and Project Evaluation Costs
During the three months ended September 30, 2014, exploration and project evaluation costs were $694,794 (June 30, 2014 - $544,164). The increase in exploration expenditures was primarily attributable to increased ground exploration and project development work in Southeastern Europe. The Company also had land holding costs in Mexico during Q3 2014.

Corporate Expenses
During the three months ended September 30, 2014, corporate expenses were $218,821 (June 30, 2014 – $224,418). The small decrease in corporate expenses in the third quarter was the result of slightly lower corporate governance and general and administrative costs.

Review of Operations for the Nine Months Ended September 30, 2014 Compared to the Nine Months Ended September 30, 2013

For the nine months ended September 30, 2014, the Company recorded a loss of $2,776,523 ($0.06 per share), compared to a net loss of $3,542,942 ($0.08 per share) for the nine months ended September 30, 2013. The decrease in net loss in the quarter was principally attributable to the following:

Exploration and Project Evaluation Costs
During the nine months ended September 30, 2014, exploration and project evaluation costs were $1,846,109 (September 30, 2013 - $2,571,842). Increased exploration activity in Bulgaria was partially offset by a reduction of exploration costs in Serbia and significantly offset by reduced exploration costs in Mexico as the Company has moved to a care and maintenance program for the Mexican properties.

Corporate Expenses

During the nine months ended September 30, 2014, corporate expenses were $627,575 (September 30, 2013 – $919,192). The decrease in 2014 from 2013 was primarily due to a reduction in costs related to corporate governance and corporate communications.

Liquidity and Capital Resources

The Company's principal source of liquidity as at September 30, 2014 was cash and cash equivalents totaling $465,061 (December 31, 2013 – $177,647) and short-term investments of $7,892,890 (December 31, 2013 - $10,874,695).

For the 2014 fiscal year the Company has budgeted $3 to $4 million to cover exploration and corporate expenditures. The Company expects its current capital resources will be sufficient to carry its activities 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, the Company does not have revenue and relies upon current cash resources to fund its ongoing business and exploration activities.

5. SHARE CAPITAL

As of September 30, 2014, the Company had one class of common shares issued and 43,786,776 shares outstanding. At the date of this MD&A, the Company has 43,786,776 common shares outstanding and 2,822,500 stock options granted at prices ranging from $0.28 to $0.82.

6. RELATED PARTY TRANSACTIONS

Under IAS 24 "Related Party Disclosures", related parties include members of the key management personnel of the reporting entity and related party transactions encompasses compensation including short-term employee benefits such as wages, salaries, social security contributions and share-based payments.

Key management personnel include members of the Board of Directors and executive officers of the Company. The Company's directors receive compensation for meeting attendance and services provided to the committees on which they sit. Executive officers and directors of the Company also participate in the Company's share option program.
During the three and nine months ended September 30, 2014 the Company incurred the following expenses related to key management personnel:

	For the three months ended		For the nine months ended	
	September 30, 2014	**September 30, 2013**	**September 30, 2014**	**September 30, 2013**
Directors' fees	**$ 34,894**	$ 40,646	**$ 100,350**	$ 106,146
Short-term management salaries and benefits	**92,325**	89,325	**282,027**	278,599
Share based payments - Directors	**3,480**	8,247	**14,946**	27,563
Share based payments - Management	**3,858**	14,056	**19,653**	44,802
	134,557	152,274	**416,976**	457,110

7. OFF BALANCE SHEET ARRANGEMENTS

There are no off balance sheet arrangements for the Company.

8. 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 the extremely low market interest rates. The majority of the Company's cash has been placed with a Canadian Chartered Bank. The majority of the Company's cash equivalents are in commercial paper, bankers' acceptances and other money market instruments issued by Canadian Federal and Provincial governments and other entities with a Dominion Bond Rating Service credit rating of R1M or higher. Other accounts receivable represent amounts owing from government agencies. The Company does not hold any asset-backed commercial paper.

9. CHANGES IN ACCOUNTING POLICIES

Change in Reporting Currency

Effective January 1, 2013, the Company changed its presentation currency from United States dollars (US$) to Canadian dollars (CAD$) to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded businesses in the mineral exploration industry.

In making the change in presentation currency, the Company followed the recommendations set out in IAS 21, "The Effects of Change in Foreign Exchange Rates". The cumulative translation reserves were set to nil at Jan 1, 2010, the date of transition to IFRS. The reserves and all comparative financial information have been restated to reflect the Company's results as if they had been historically reported in CAD$ since that date.

On the change in the Company's presentation currency, comparative figures previously reported in US$ were translated to CAD$ as follows:

- Income and expenses were translated for each entity from their functional currency to CAD$ at the average exchange rate for the relevant period;
- Assets and liabilities were translated at the closing exchange rate on the relevant balance sheet date; and
- Equity items were translated at historical exchange rates.

The resultant exchange rates that applied were as follows:

US$ - CAD$	**2012**	**2011**	**2010**
Average Rate	1.0112	0.9885	1.0305
Closing Rate	0.9968	1.0210	1.0001

As a result of the change in the Company's reporting currency, a movement in the currency translation difference of $839,127 was recognised in equity at December 31, 2012.

		December 31 ,2012
Share capital	**$**	**8,344,779**
Share premium		**5,079**
Additional paid-in-capital		**1,141,467**
Stock options reserve		**70,837**
Deficit		**(8,723,035)**
	$	**839,127**

Adoption of New Accounting Standards

The following material standards and amendments to existing standards have been adopted by the Company commencing January 1, 2014

IAS 32 "Financial Instruments: presentation" – The amendments to IAS 32, Financial Instruments: presentation, clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. At January 1, 2014, the Company adopted this standard and there is no impact on the consolidated financial statements.

Future Accounting Pronouncements

A number of new standards, and amendments to standards and interpretation, will become effective subsequent to January 1, 2015. Many are not applicable to the Company and have been excluded from the discussion below. Those that are expected to be applicable to the consolidated financial statements of the Company are discussed below. The Company intends to adopt those standards when they become effective. As at September 30, 2014, the Company has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.

IFRS 9 – Financial Instruments. This standard and its consequential amendments will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 0 sues a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 11 – Joint Arrangements – Accounting for acquisitions of Interest in Joint Operations. This standard has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 – Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11, and disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured). This amended standard is effective for annual periods beginning on or after January 1, 2016.

10. 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 management, as appropriate, to allow for timely decisions regarding required disclosure. The Company has concluded, based on its evaluation as of the end of the year, that 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.

11. 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.

Although these weaknesses exist in the Company's internal controls, due to the lack of segregation of incompatible duties, 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 cannot occur.

12. 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

The Company's operations are subject to extensive environmental, health and safety regulations in the various jurisdictions in which it operates. 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 a mineral property are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, project development, mineral production, permitting and maintenance of title, exports, taxes, labour standards, reclamation obligations, heritage and historic matters and other matters. The Company is required to have a wide variety of permits from government and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. The owners and operators of the properties in which Mundoro 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.

Any failure to comply with applicable laws and regulations or to obtain or maintain permits, even if inadvertent, could result in the interruption of mining, exploration and developmental operations or in material fines, penalties or other liabilities.

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 mineralisation 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.

Future development and operations in foreign countries may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people, mine safety and receipt of necessary permits. The effect of these factors cannot be accurately predicted.

Competition

The mining industry is competitive with many companies competing for the limited number of mineral resource 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 businesses 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.

Hiring of Key Personnel

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. The Company's operations are based in Mexico, Serbia and Bulgaria and finding or hiring qualified people or obtaining all necessary services for the Company's operations may be difficult.

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 Canadian dollars while the majority of operating and capital expenditures are denominated in the Mexican peso, Canadian dollar, U.S. dollar, Serbian dinar and the Bulgarian lev, which is pegged to the Euro. Fluctuations in exchange rates between the U.S. dollar and the Euro, the Canadian dollar and the Serbian dinar and Bulgarian lev, the Canadian dollar and the U.S. dollar, and the Canadian 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. The Company expects that any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in applicable laws.

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 mineralisation 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 mineralisation 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 geopolitical, economic and other risks, as evidenced in Eastern Europe and Mexico, 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. Although the Company has curtailed exploration activity in Mexico, we still maintain the existing concessions. 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.

Maoling Gold Project

Mundoro owns 5% of the issued and outstanding shares of Mundoro Mining which has rights to a 79% interest in Tianli for the Maoling Gold Project located in Liaoning Province, China. Due to its 5% holdings, the Company's ability to effect change is limited.

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 the national, provincial and local level, including the Mineral Resources Law of China and regulations thereunder; 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 Chinese Yuan ("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 People's Republic of China ("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 the PRC 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.

13. QUALIFIED PERSONS & INFORMATION CONCERNING ESTIMATES OF RESOURCES

On September 30, 2011, Mundoro announced the completion of the National Instrument 43-101 ("NI 43-101") compliant technical report on the Company's 100%-owned Cuencame Property (the "Cuencame Technical Report"), which covers approximately 45,215 hectares (452 sq.km) in three mineral licenses. The Cuencame Technical Report was independently compiled and submitted by Geologica Groupe-Conseil Inc. ("Geologica") of Val-d'Or, Quebec, Canada. The report was prepared under the direction and oversight of Messrs. Alain-Jean Beauregard, P. Geol., and Daniel Gaudreault, ing., Geol., each of them a Qualified Person as defined by NI 43-101. The Cuencame licenses are located in the Cuencame District in the States of Durango and Coahuila, Mexico.

On April 15, 2013, Mundoro announced the completion of the NI 43-101 compliant technical report on the Company's 100%-owned Borsko Jezero Property in Bor, Serbia (the "Borsko Jezero Technical Report"). The Borsko Jezero Property is located in Northeastern Serbia and covers (46 sq.km). The Borsko Jezero Technical Report was prepared by D. Power-Fardy, P. Geo., EurGeol and Senior Geologist with Watts, Griffis and McOuat Limited, Consulting Geologists and Engineers of Toronto, Canada, and G. Magaranov, P. Geo., EurGeol and Senior Exploration Manager, SE Europe for Mundoro, both of whom are a Qualified Person as defined by NI 43-101

This management discussion and analysis of financial results uses 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 NI 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 Assessments as defined under NI 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.

Condensed Consolidated Financial Statements

(Unaudited)

For the Three and Nine Months Ended September 30, 2014 and 2013

Expressed in Canadian 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 Canadian Dollars - unaudited)

As at		September 30, 2014		December 31, 2013
ASSETS				
Current assets				
Cash and cash equivalents (note 4)	$	**465,061**	$	177,647
Short-term investments (note 5)		**7,892,890**		10,874,695
Amounts receivable (note 7)		**153,216**		322,512
Deposits		**30,300**		33,841
Prepaid expenses		**103,578**		79,636
		8,645,045		**11,488,331**
Non-current assets				
Restricted cash (note 6)	$	**417,865**	$	67,252
Mineral interests (note 10)		**590,876**		612,893
Equipment and vehicles (note 9)		**128,174**		158,794
Investments (note 8)		**344,364**		344,364
		1,481,279		**1,183,303**
TOTAL ASSETS	**$**	**10,126,324**	**$**	**12,671,634**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 12 & 14)	$	**243,422**	$	314,690
TOTAL LIABILITIES	**$**	**243,422**	**$**	**314,690**
EQUITY				
Share capital (note 13)	$	**45,411,565**	$	45,338,065
Share premium (note 13(d))		**421,644**		390,144
Additional paid-in-capital (note 13(d))		**8,862,637**		8,549,487
Stock options reserve (note 13(d))		**578,853**		846,773
Foreign currency translation reserve (note 13(d))		**250,240**		98,259
Deficit		**(45,642,037)**		(42,865,784)
TOTAL EQUITY	**$**	**9,882,902**	**$**	**12,356,944**
TOTAL EQUITY AND LIABILITIES	**$**	**10,126,324**	**$**	**12,671,634**

Nature and continuance of operations (note 1)
Commitments (note 15)
Segmented information (note 16)

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 November 18, 2014.

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 Loss and Comprehensive Loss

(Expressed in Canadian Dollars - unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Interest income	$ 37,507	$ 47,345	$ 115,084	$ 153,366
EXPENSES				
Exploration and project evaluation (note 11)	694,794	1,038,275	1,846,109	2,571,842
Corporate governance	94,203	213,729	260,080	409,444
General and administrative	39,673	40,687	120,225	128,915
Accounting and audit	19,117	19,646	58,693	59,362
Corporate communication	65,828	87,867	188,577	321,471
	913,615	1,400,204	2,473,684	3,491,034
LOSS BEFORE OTHER EXPENSES	876,108	1,352,859	2,358,600	3,337,668
OTHER (INCOME) EXPENSES				
Share-based payments (note 13(c))	9,907	25,847	45,230	82,601
Depreciation (note 9)	11,373	13,581	35,072	38,068
Foreign exchange (gain) loss	172,908	(8,013)	198,073	(905)
Disposal of fixed asset (note 9)	-	4,133	1,804	4,133
Write-down of mineral properties (note 10)	119,285	40,664	137,474	81,377
	313,473	76,212	417,653	205,274
NET LOSS FOR THE PERIOD	1,189,581	1,429,071	2,776,253	3,542,942
OTHER COMPREHENSIVE LOSS (INCOME) TO BE RE-CLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
Foreign currency translation differences for foreign operations	(150,820)	9,895	(151,981)	1,874
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	$ 1,038,761	$ 1,438,966	$ 2,624,272	$ 3,544,816
Loss per share (note 13(e))				
Basic and diluted loss per share:				
Operations	$ (0.03)	$ (0.03)	$ (0.06)	$ (0.08)
Comprehensive loss	$ (0.02)	$ (0.03)	$ (0.06)	$ (0.08)

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 Canadian Dollars - unaudited)

	Note	Share capital		Reserves					
	Note	Number of shares	Amount	Share premium	Additional paid-in capital	Stock options reserve	Foreign currency translation reserve	Deficit	Total
Balance at December 31, 2012 (restated - Note 2(c))		**41,861,776**	**$ 44,961,172**	**$ 390,144**	**$ 8,547,037**	**$ 738,842**	**$ 67,133**	**$ (38,297,397)**	**$ 16,406,931**
Shares issued for cash - private placement (Note 13(b))		1,550,000	434,000	-	-	-	-	-	434,000
Share issue costs		-	(69,143)	-	-	-	-	-	(69,143)
Shares issued for cash - stock option exercise		25,000	7,750	-	-	-	-	-	7,750
Reclassification of grant-date fair value on exercise of stock options		-	4,286	-	-	(4,286)	-	-	-
Reclassification of grant-date fair value on expired options		-	-	-	2,450	(2,450)	-	-	-
Share-based payments (Note 13(c))		-	-	-	-	114,667	-	-	114,667
Net comprehensive income (loss) for the year		-	-	-	-	-	31,126	(4,568,387)	(4,537,261)
Balance at December 31, 2013		**43,436,776**	**$ 45,338,065**	**$ 390,144**	**$ 8,549,487**	**$ 846,773**	**$ 98,259**	**$ (42,865,784)**	**$ 12,356,944**
Balance at December 31, 2013		**43,436,776**	**$ 45,338,065**	**$ 390,144**	**$ 8,549,487**	**$ 846,773**	**$ 98,259**	**$ (42,865,784)**	**$ 12,356,944**
Shares issued for cash - private placement		-	-	-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-	-	-
Shares issued on acquisition of mineral property		350,000	73,500	31,500	-	-	-	-	105,000
Shares issued for cash - stock option exercise		-	-	-	-	-	-	-	-
Reclassification of grant-date fair value on exercise of stock options		-	-	-	-	-	-	-	-
Reclassification of grant-date fair value on expired options		-	-	-	313,150	(313,150)	-	-	-
Share-based payments (Note 13(c))		-	-	-	-	45,230	-	-	45,230
Net comprehensive income (loss) for the year		-	-	-	-	-	151,981	(2,776,253)	(2,624,272)
Balance at September 30, 2014		**43,786,776**	**$ 45,411,565**	**$ 421,644**	**$ 8,862,637**	**$ 578,853**	**$ 250,240**	**$ (45,642,037)**	**$ 9,882,902**

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 Canadian Dollars - unaudited)

	For the nine months ended September 30, 2014	September 30, 2013
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$ (2,776,253)	$ (3,542,942)
Adjustments for items not affecting cash:		
Depreciation	35,072	38,068
Share-based payments	45,230	82,601
Loss on disposal of equipment	1,804	4,133
Write-down of mineral properties	137,474	81,377
Unrealized interest income	(132,520)	(83,752)
	(2,689,193)	**(3,420,515)**
Net changes in non-cash working capital items:		
Amounts receivable	167,461	169,150
Prepaid expenses	(24,495)	(56,418)
Deposits	2,863	(76,955)
Accounts payable and accrued liabilities	(65,732)	(72,033)
Net cash flows (used in) operating activities	**(2,609,097)**	**(3,456,771)**
FINANCING ACTIVITIES		
Issuance of common shares for cash, net of share issue costs	-	364,857
Shares issued on exercise of options	-	7,750
Issuance of common shares on acquisition of mineral property	105,000	-
Net cash flows from financing activities	**105,000**	**372,607**
INVESTING ACTIVITIES		
Expenditures on resource properties	(25,081)	(335,617)
Purchase of resource properties	(105,000)	-
Proceeds on redemption of short-term investments, net of interest earned	20,317,124	13,457,761
Purchase of short-term investments	(17,202,798)	(10,189,910)
Purchase of equipment	(11,586)	(44,205)
Proceeds on disposition of asset	1,221	-
Restricted Cash (note 6)	(350,613)	-
Investment in Bulgaria (note 8)	-	(280,853)
Net cash flows from investing activities	**2,623,267**	**2,607,176**
Effects of exchange rate changes on cash and cash equivalents	**168,244**	**(13,350)**
Net increase (decrease) in cash and cash equivalents	**287,414**	**(490,338)**
Cash and cash equivalents, beginning of period	**177,647**	**695,634**
Cash and cash equivalents, end of period	**$ 465,061**	**$ 205,296**
Cash and cash equivalents consist of :		
From operations:		
Cash	**465,061**	**205,296**
Cash equivalents	**-**	**-**
	465,061	**205,296**
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 mineral resource sector. The Company’s current exploration activity is focused on the Tethyan Belt of Serbia and Bulgaria in Southeastern Europe, and in Mexico (see Notes 9, 10 and 15). 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 discovery or future profitable operations.

The Company was incorporated on March 6, 2008 under the Business Corporations 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 under the Business Corporations Act in the Province of British Columbia. On October 10, 2011, substantially all of MMI was disposed of by the Company. The Company continues to hold a 5% equity interest in MMI. Effective September 30, 2011, the Company’s common stock is quoted on the TSX Venture Exchange (“TSXV”) under the symbol MUN.

The Company’s head office and principal address is 1401-1030 West Georgia Street, Vancouver, British Columbia, Canada V6E 2Y3.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2014, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. Barring any unforeseen developments, the Company has the ability to finance its operating costs and meet future obligations over the next twelve months with funds currently on hand. The Company’s continuation as a going concern over the long-term 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 future obligations.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) Statement of compliance to International Financial Reporting Standards

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”).

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, 2013.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

c) Change in reporting currency

Effective January 1, 2013, the Company changed its presentation currency from United States dollars (US$) to Canadian dollars (CAD$) to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded businesses in the mineral exploration industry.

In making the change in presentation currency, the Company followed the recommendations set out in IAS 21, *The Effects of Change in Foreign Exchange Rates*. The cumulative translation reserves were set to nil at January 1, 2010, the date of transition to IFRS. The reserves and all comparative financial information have been restated to reflect the Company's results as if they had been historically reported in CAD$ since that date.

On the change in the Company's presentation currency, comparative figures previously reported in US$ were translated to CAD$ as follows:

- Income and expenses were translated for each entity from their functional currency to CAD$ at the average exchange rate for the relevant period;
- Assets and liabilities were translated at the closing exchange rate on the relevant reporting date; and
- Equity items were translated at historical exchange rates.

The resultant exchange rates that applied were as follows:

US$ - CAD$	2012	2011	2010
Average Rate	1.0112	0.9885	1.0305
Closing Rate	0.9968	1.0210	1.0001

As a result of the change in the Company's reporting currency, a movement in the currency translation difference of $839,127 was recognised in equity at December 31, 2012.

		December 31 ,2012
Share capital	$	8,344,779
Share premium		5,079
Additional paid-in-capital		1,141,467
Stock options reserve		70,837
Deficit		(8,723,035)
	$	839,127

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

d) *Adoption of new accounting standards*

The following material standards and amendments to existing standards have been adopted by the Company commencing January 1, 2014:

IAS 32 "*Financial Instruments: presentation*" – The amendments to IAS 32, Financial Instruments: presentation, clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. At January 1, 2014, the Company adopted this standard and there is no impact on the consolidated financial statements.

The impact of adopting other new standards, amendments and improvements effective January 1, 2014, had no impact on comprehensive income or significant disclosures.

e) *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its controlled entities. Intercompany balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

f) *Foreign currency translation*

These consolidated financial statements are presented in CAD$. The functional currency of the Company and its controlled entities are measured using the currency of the primary economic environment in which that entity operates.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Entity level:

The financial results and position of the entities whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the entity's foreign currency translation reserve in the statement of comprehensive income. These differences are recognized in the profit or loss in the period in which the operation is disposed.

(Expressed in Canadian Dollars - unaudited)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretation, will become effective subsequent to January 1, 2015. Many are not applicable to the Company and have been excluded from the discussion below. Those that are expected to be applicable to the consolidated financial statements of the Company are discussed below. The Company intends to adopt those standards when they become effective. As at September 30, 2014, the Company has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.

IFRS 9 – Financial Instruments. This standard and its consequential amendments will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 0 sues a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 11 – Joint Arrangements – Accounting for acquisitions of Interest in Joint Operations. This standard has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 – Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11, and disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured). This amended standard is effective for annual periods beginning on or after January 1, 2016.

4. CASH AND CASH EQUIVALENTS

	September 30, 2014	December 31, 2013
Cash at bank	**$ 465,061**	**$ 177,647**

5. SHORT-TERM INVESTMENTS

	September 30, 2014	December 31, 2013
Guaranteed Investment Certificates	**$ 7,892,890**	**$ 10,874,695**

6. RESTRICTED CASH

	September 30, 2014	December 31, 2013
Mineral Property Guarantee Deposits	**$ 417,865**	**$ 67,252**

*Cash at bank at September 30, 2014 includes CAD$417,865 of restricted cash (December 31, 2013 - $67,252) held by the Bulgarian government as guarantees on the mineral licenses in country.

(Expressed in Canadian Dollars - unaudited)

7. AMOUNTS RECEIVABLE

	September 30, 2014	December 31, 2013
Amounts Receivable		
Canada	$ 15,546	$ 57,312
Mexico	96,463	138,638
Europe	41,207	126,562
	$ 153,216	**$ 322,512**

8. INVESTMENTS

On October 11, 2011, the Company completed a 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 $13,800,000, with the Company retaining 5% of the issued and outstanding shares of MMI.

All additional funds required for the purposes of MMI's operations shall be obtained, to the greatest extent possible, through loans made to MMI by a third party bank or other third party lender. The decision as to whether such funds are required, from whom such funds will be borrowed and the terms and conditions of such borrowing shall be determined by the Board of MMI. If required by a third party lender, China Gold Hong Kong Holding Corp. Limited ("CNGHK Designee") shall guarantee all of the indebtedness and obligations of MMI to the third party lender and shall sign any such guarantee and other agreement that such third party lender may require in respect of the same. In the event that CNGHK Designee becomes obligated to execute and deliver such a guarantee, the Company shall execute and deliver (on terms and conditions mutually acceptable to the Company and CNGHK Designee) a guarantee in favour of CNGHK Designee whereby the Company guarantees an amount equal to MCI's then pro rata interest in the issued and outstanding shares of MMI multiplied by the amount guaranteed by CNGHK Designee to such third party lender. In the event that CNGHK Designee becomes obligated to make payment pursuant to its guarantee to such third party lender, the Company shall, pursuant to its guarantee to CNGHK Designee, pay to CNGHK Designee an amount equal to the Company's then pro rata interest in the issued and outstanding shares of MMI multiplied by the amount paid by CNGHK Designee in respect of such guarantee.

The Company has not been informed by MMI (a private Canadian Company controlled by CNGHK) of any change in status of the licenses for the Maoling Gold Project or of any guarantees provided. The investment represents the retained 5% ownership interest in MMI. As at September 30, 2014, the balance of the investment was $63,511 (December 31, 2012 - $63,511), which includes a reserve for potential costs associated with the transaction.

On June 10, 2013, it was announced the Company through a 100%-owned subsidiary acquired at a cost of $280,853 less than 5% equity interest in a privately held gold producing company in Bulgaria that operates adjacent to the Company's Zvezda license. As at September 30, 2014, the Company had not received any indication from the majority owner that would indicate any impact on the carrying value of the investment.

The Company does not have significant influence on either of these investments. IAS 28 *"Investments in associates and joint ventures"* defines significant influence as the power to participate in the financial and operating policy decisions of the investee. The Company does not have the power to participate in the financial and operating policy decisions of either the investment in China or the investment in Bulgaria.

(Expressed in Canadian Dollars - unaudited)

8. INVESTMENTS (continued)

Available for Sale Investments	September 30, 2014	December 31, 2013
Investment in China	**$ 63,511**	$ 63,511
Investment in Bulgaria	**280,853**	280,853
	$ 344,364	**$ 344,364**

9. EQUIPMENT AND VEHICLES

	Office Equipment	Field equipment	Total
As at December 31, 2013	**$ 54,502**	**$ 185,415**	**$ 239,917**
Additions	6,223	5,363	11,586
Disposals	-	(4,670)	(4,670)
Effect of movements in exchange rates	(146)	(7,134)	(7,280)
Balance at September 30, 2014	**$ 60,579**	**$ 178,974**	**$ 239,553**
Accumulated depreciation			
As at December 31, 2013	**$ (21,983)**	**$ (59,140)**	**$ (81,123)**
Depreciation for the year	(8,142)	(26,930)	(35,072)
Disposals	-	1,642	1,642
Effect of movements in exchange rates	100	3,074	3,174
Balance at September 30, 2014	**$ (30,025)**	**$ (81,354)**	**$ (111,379)**
Net book amount			
As at December 31, 2013	32,519	126,275	158,794
Balance at September 30, 2014	**$ 30,554**	**$ 97,620**	**128,174**

(Expressed in Canadian Dollars - unaudited)

10. MINERAL INTERESTS

	European Projects	Mexico Projects	Total
Balance as at December 31, 2013	**$ 444,417**	**$ 168,476**	**$ 612,893**
Add:			
Acquisition costs	130,081	-	130,081
Less:			
Write-down	(30,105)	(107,370)	(137,475)
Add:			
Effect of movements in exchange rates	(17,079)	2,456	(14,623)
Balance at September 30, 2014	**$ 527,314**	**$ 63,562**	**$ 590,876**

Serbian Properties

The Company holds eight (2013 – eight) 100%-owned exploration licenses which include: (i) Zeleznik, (ii) Topla, (iii) Borsko Jezero, (iv) Savinac, (v) Bacevica, (vi) Osnic, (vii) Sumrakovac, and (viii) Dubrava-Ostrelj. These properties are located in Northeastern Serbia approximately 100 km east of Belgrade and are held in the name of Stara Planina d.o.o., Mundoro's 100%-owned Serbian Company. The eight licenses cover an aggregate area of 637 sq.km. within the Timok Mining District. To maintain title to the exploration licenses in Serbia, the Company has ongoing annual exploration expenditure commitments up to 2015 and is obligated to pay annual property taxes to the government for these eight exploration licenses.

Bulgarian Properties

The Company holds three (2013 – two) 100%-owned exploration licenses which include: (i) Zvezda, (ii) Byalo and (iii) Chuprene. The Zvezda and Byalo licenses are located in the Southeastern Rhodopes region and cover an aggregate area of 322 sq.km. Chuprene is located in the Late Palaeozoic Belt of north-west Bulgaria and covers an aggregate area of 199 sq.km. To maintain title to the exploration licenses in Bulgaria, the Company has ongoing annual exploration expenditure commitments up to 2016 and is obligated to pay annual property taxes to the government for these three exploration contracts..

Mexico Properties

As of September 30, 2014, the Company holds twelve (2013 – twelve) 100%-owned mineral concessions in a prospective mineral region in the Mesa Central belt of Durango and Chihuahua States in Mexico. The twelve concessions which include: (i) Cuencame, (ii) Cuencame 1, (iii) Cuencame 2, (iv) Cuencame 4, (v) Camargo, (vi) Jimenez, (vii) Hidalgo 3, (viii) Hidalgo 4, (ix) Hidalgo 5, (x) Mapimi Fraccion 1, (xi) Rodeo, and (xii) Mapimi, cover 1,728 sq.km., and are held through its wholly owned subsidiary Mundoro de Mexico, S.A. de C.V. During 2013, the Company's applications to drop the Hidalgo 1, Hidalgo 2, Tejamen, and Santiago mining concessions were accepted by the Mexican General Bureau of Mines ("GBM"). In 2014 the Company filed to drop title applications for three mineral concessions that have been pending since 2012 and had not been granted to the Company. After completion of the initial assessment exploration work on the properties during 2013, the Company submitted applications with the GBM to reduce non-strategic areas of Cuencame, and Cuencame 4, Jimenez and to drop Cuencame 1 and Hidalgo 5. The applications are pending as at September 30, 2014. To maintain title to the mineral concessions in Mexico, the Company has an ongoing annual exploration expenditure commitment and is obligated to pay semi-annual government property tax payments.

(Expressed in Canadian Dollars - unaudited)

10. MINERAL INTERESTS (continued)

On August 22, 2012 the Company announced that it had executed a definitive option agreement for the Centauro Gold Property ("Centauro") located in Chihuahua State, Mexico. During the period since, the Company performed geological and geophysical work on the Centauro concessions. The Company opted, on August 18, 2014, to exercise its right to early termination of the option agreement due to current market conditions.

11. EXPLORATION AND PROJECT EVALUATION

The Company follows the practice of expensing all exploration, development and project management costs until there is a resource defined. The following is a summary of expenditures incurred on the Eastern European and Mexican projects during the year:

	Europe				
	Serbia	Bulgaria	Mexico	Other Project Evaluation	Total
For the nine months ended September 30, 2014					
Corporate [1]	$ 92,372	$ 89,149	$ 66,991	$ -	$ 248,512
Land holding [2]	81,550	41,858	165,484	-	$ 288,892
Government and community relations [3]	13,674	57,784	-	-	$ 71,458
Field related [4]	51,055	35,282	58	-	$ 86,395
Personnel [5]	289,046	236,839	6,734	2,500	$ 535,119
Exploration [6]	243,685	76,028	-	-	$ 319,713
Project evaluation [7]	99,603	55,086	45,671	95,660	$ 296,020
	$ 870,985	$ 592,026	$ 284,938	$ 98,160	$ 1,846,109
For the nine months ended September 30, 2013					
Corporate [1]	$ 132,140	$ 101,217	$ 143,004	$ 2,417	$ 378,778
Land holding [2]	96,825	11,096	238,436	-	346,357
Government and community relations [3]	29,354	42,038	8,855	-	80,247
Field related [4]	71,832	22,621	48,491	-	142,944
Personnel [5]	320,767	96,133	285,369	-	702,269
Exploration [6]	589,910	35,392	86,573	-	711,875
Project evaluation [7]	25,968	15,166	67,553	100,685	209,372
	$ 1,266,796	$ 323,663	$ 878,281	$ 103,102	$ 2,571,842

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

(Expressed in Canadian Dollars - unaudited)

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2014		December 31, 2013
Trade payables	$	181,326	$	172,152
Accrued liabilities		62,096		142,538
	$	243,422	$	314,690

13. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

On May 12, 2014, the Company announced it had entered an agreement to purchase the Chuprene Exploration Permit located in north-western Bulgaria close to the border with Serbia, from the permit holder who is an arm's length private third party. On July 14, 2014, the transaction was completed when the Company made an upfront payment to the seller of 350,000 common share of Mundoro at a deemed price of C$0.30 per share in consideration of the transfer of the Chuprene Exploration Permit. The shares are subject to a four month hold period expiring November 15, 2014.

At September 30, 2014 there were 43,786,776 issued and fully paid common shares (December 31, 2013 – 43,436,776).

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 approved by shareholders on May 27, 2011, and amended by the Board on March 26, 2012.

The changes in options during the three months ended September 30, 2014 were as follows:

	September 30, 2014		
	Number outstanding		Weighted average exercise price
Opening Balance, January 1, 2014	**3,790,000**	**$**	**0.46**
Granted	-		-
Excercised	-		-
Expired	(474,166)		0.57
Cancelled	(490,000)		0.57
Forfeited	(3,334)		0.28
Closing Balance, September 30, 2014	**2,822,500**	**$**	**0.52**

(Expressed in Canadian Dollars - unaudited)

13. SHARE CAPITAL (continued)

c) *Stock options (continued)*

The following summarizes information about stock options outstanding and exercisable at September 30, 2014:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
August 11, 2015	210,000	210,000	0.82	0.86
February 25, 2016	50,000	33,000	0.59	1.41
August 3, 2016	700,000	700,000	0.50	1.84
November 28, 2016	150,000	75,000	0.31	2.16
February 7, 2017	52,500	39,375	0.41	2.36
April 3, 2017	225,000	225,000	0.37	2.51
May 21, 2017	300,000	283,330	0.38	2.64
November 14, 2017	105,000	69,999	0.34	3.13
April 3, 2018	177,500	118,332	0.28	3.51
December 2, 2018	852,500	284,170	0.30	4.18
	2,822,500	**2,038,206**		**2.78**

There were no options granted during the nine months ended September 30, 2014. The estimated value of the options granted during the nine months ended September 30, 2013 was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	For the nine months ended	
	September 30, 2014	**September 30, 2013**
Risk-free interest rate	N/A	1.19%
Expected annual volatility	N/A	62% - 77%
Expected life (in years)	N/A	2.5 - 4.5
Expected dividend yield	N/A	0%
Grant date fair value per option	N/A	\$0.11 - \$0.17

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.

During the nine months ended September 30, 2014, the Company recognized share-based payments expense of \$45,230 (2013 – \$82,601). For the three and nine months ended September 30, 2014 and 2013, share-based payments expense related to the stock options consists of the following:

(Expressed in Canadian Dollars - unaudited)

13. SHARE CAPITAL (continued)

	For the three months ended		For the nine months ended	
	September 30, 2014	**September 30, 2013**	**September 30, 2014**	**September 30, 2013**
For services in respect of:				
Exploration and project evaluation	**$ 4,443**	$ 12,213	**$ 20,402**	$ 36,559
Corporate governance	**3,752**	8,950	**16,120**	27,459
Accounting and audit	**983**	1,171	**4,672**	5,846
Corporate communication	**729**	3,513	**4,036**	12,737
	$ 9,907	$ 25,847	**$ 45,230**	$ 82,601

d) 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 (CAD$).

(Expressed in Canadian Dollars - unaudited)

13. SHARE CAPITAL (continued)

e) Loss per share

	For the three months ended		For the nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Basic loss per share:				
Operations:				
Loss for the year from operations	$ (1,189,581)	$ (1,429,071)	$ (2,776,253)	$ (3,542,942)
Weighted average number of common shares outstanding	43,733,515	43,133,515	43,536,776	42,292,820
Basic loss per share: *	$ (0.03)	$ (0.03)	$ (0.06)	$ (0.08)
Comprehensive loss:				
Comprehensive loss for the year	$ (1,038,761)	$ (1,438,966)	$ (2,624,272)	$ (3,544,816)
Weighted average number of common shares outstanding	43,733,515	43,133,515	43,536,776	42,292,820
Basic loss per share: *	$ (0.02)	$ (0.03)	$ (0.06)	$ (0.08)
Diluted loss per share:				
Operations:				
Loss for the year from operations	$ (1,189,581)	$ (1,429,071)	$ (2,776,253)	$ (3,542,942)
Weighted average number of common shares outstanding	43,733,515	43,133,515	43,536,776	41,865,505
Diluted loss per share: *	$ (0.03)	$ (0.03)	$ (0.06)	$ (0.08)
Comprehensive loss:				
Comprehensive loss for the year	$ (1,038,761)	$ (1,438,966)	$ (2,624,272)	$ (3,544,816)
Weighted average number of common shares outstanding	43,733,515	43,133,515	43,536,776	41,865,505
Diluted loss per share: *	$ (0.02)	$ (0.03)	$ (0.06)	$ (0.08)

* The effect of the loss is anti-dilutive and, as a result, the basic and dilutive loss per share are the same.

(Expressed in Canadian Dollars - unaudited)

14. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were $48,233 as at September 30, 2014 (December 31, 2013 – $34,953). These amounts are for reimbursement of expenses and service fees.

b) Related party transactions

	For the three months ended		For the nine months ended	
	September 30, 2014	**September 30, 2013**	**September 30, 2014**	**September 30, 2013**
Directors' fees	**$ 34,894**	$ 40,646	**$ 100,350**	$ 106,146
Short-term management salaries and benefits	**92,325**	89,325	**282,027**	278,599
Share based payments - Directors	**3,480**	8,247	**14,946**	27,563
Share based payments - Management	**3,858**	14,056	**19,653**	44,802
	134,557	152,274	**416,976**	457,110

15. 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. The Company also has leased offices in Mexico, Serbia and Bulgaria. The Mexican office and Bulgarian offices can be terminated with 30 days' notice while the lease agreement for the office in Serbia is cancellable with 60 days' notice. As of September 30, 2014, the minimum obligations under these leases are as follows:

	Canada	Mexico	Europe	Total
2014	**$ 17,433**	**-**	**-**	**$ 17,433**
2015	**17,434**	**-**	**-**	**17,434**
	$ 34,867	**$ -**	**$ -**	**$ 34,867**

During the nine months ended September 30, 2014, $78,788 of lease payments had been recognized as an expense (2013 - $61,496).

(Expressed in Canadian Dollars - unaudited)

16. SEGMENTED INFORMATION

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

	Canada	Mexico	Europe	Total
Assets				
Balance at September 30, 2014				
Non-current	$ 251,082	$ 58,135	$ 1,172,062	**$ 1,481,279**
Current	8,333,839	131,031	180,175	**8,645,045**
Total Assets	$ 8,584,921	$ 189,166	$ 1,352,237	**$ 10,126,324**
As at December 31, 2013				
Non-current	$ 151,990	$ 171,765	$ 859,548	**$ 1,183,303**
Current	11,112,959	171,284	204,088	**11,488,331**
Total Assets	$ 11,264,949	$ 343,049	$ 1,063,636	**$ 12,671,634**
Loss from operations:				
For the nine months ended September 30, 2014	$ 1,347,082	$ 331,525	$ 1,097,646	**$ 2,776,253**
For the nine months ended September 30, 2013	$ 1,790,105	$ 669,845	$ 1,082,992	**$ 3,542,942**

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

17. 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 continuously reviews the shareholders' equity, 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 activities through the current operating period.

(Expressed in Canadian Dollars - unaudited)

18. FINANCIAL INSTRUMENTS

The Company has classified: cash, cash equivalents and short-term investments as held-for-trading; deposits as held-to-maturity; investments as available-for-sale; amounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

a) Fair Value

At September 30, 2014 and December 31, 2013, the carrying values of cash and cash equivalents, short-term investments, amounts receivable, 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 investments (Note 8) were determined based on the proceeds from the transactions adjusted for potential costs associated with the transactions.

The fair value of investments are re-assessed each reporting period based on the underlying performance and significant events of each investment.

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.

As at September 30, 2014, Mundoro has the following classes of financial instruments measured at fair value:

Financial assets measured at fair value		September 30, 2014		Level 1		Level 2		Level 3
Cash and cash equivalents	$	465,061	$	465,061	$	-	$	-
Short-term investments		7,892,890		-		7,892,890		-
Investments		344,364		-		-		344,364
Restricted cash		417,865		417,865		-		-
	$	8,885,831	$	465,061	$	8,076,406	$	344,364

<u>Level 3 – Available for sale Financial Assets</u>

The fair value of available for sale financial assets (investments) has been based on the initial investment at cost, which reflects fair value on the date of acquisition and as at September 30, 2014. The Company continues to monitor its investments for internal and external sources of information for indications of a change in the fair value.

(Expressed in Canadian Dollars - unaudited)

18. 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:

<u>Credit risk</u>

The Company is exposed to credit risk with respect to its cash, cash equivalents and short-term investments. Cash, cash equivalents and short-term investments have been placed on deposit with major Canadian financial institutions.

The risk arises from the non-performance of counter parties of contractual financial obligations. The Company manages credit risk, in respect of cash, cash equivalents and, short-term investments 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:

	September 30, 2014	December 31, 2013
Held at major Canadian financial institutions:		
Cash	$ 319,927	$ 103,089
Guranteed Investment Certificate	7,892,890	10,874,695
	8,212,817	**10,977,784**
Held at major Mexican financial institution:		
Cash	$ 33,205	$ 21,280
Held at major European financial institutions:		
Cash	$ 111,929	$ 53,278
Total cash and short-term investments	**$ 8,357,951**	**$ 11,052,342**

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.

The Company is exposed to certain risks associated with receivables held in foreign jurisdictions. Management believes these risks are not significant.

18. 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, cash equivalents and short-term investments 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 its current projects and any 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 September 30, 2014 in the amount of $465,061 and $7,892,890 respectively, in order to meet short-term business requirements. At September 30, 2014 the Company had accounts payable and accrued liabilities of $243,422, which will be paid within three months.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk and currency 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, cash equivalents and, short-term investments primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. The Company also holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2014. As at September 30, 2014, the Company holds $7,892,890 in short-term investments. Based on this net exposure as at September 30, 2014, and assuming that all other variables remain constant, a 10% change in the interest rate the Company is currently receiving would result in an increase or decrease of approximately $10,541 in the Company's net loss.

Currency risk

The Company primarily operates in Canada, Mexico, Serbia and Bulgaria, and its expenses are incurred in CAD$, US$, MXN, EUR, BGN and RSD, whereas the functional currency of the Canadian entity, Mexican entity, Bulgarian entity and Serbian entity are the CAD$, MXN, BGN and RSD, 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 CAD$ which differs from the functional currency of many of the subsidiaries. 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

18. FINANCIAL INSTRUMENTS (continued)

b) *Financial Risk Management (continued)*

Market Risk (continued)

Currency risk (continued)

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 year. The financial statements are subsequently translated into the CAD$ 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) loss.

The Company had the following balances in the currencies held as at September 30, 2014:

	in CAD$	in US$	in MXN	in EURO	in BGN	in RSD
Cash and cash equivalents	180,570	129,124	370,627	2,106	118,451	1,770,325
Short-term investments	7,892,890	-	-	-	-	-
Amounts receivable	15,546	-	1,166,416	-	7,775	2,989,905
Deposits	11,599	-	53,885	-	23,487	41,186
Investments	344,364	-	-	-	-	-
Accounts payable and accrued liabilities	(107,015)	(37,176)	(251,502)	-	(46,430)	(3,405,730)
Restricted cash	-	-	-	-	577,400	-
Rate to convert to $1.00 CAD$	1.0000	1.1157	0.0827	1.4154	0.7237	0.0119

CAD$: Canadian Dollar
US$: United States Dollar
MXN: Mexican Pesos
EURO: Euro
BGN: Bulgarian Lev
RSD: Serbian Dinar

Based on the above net exposure as at September 30, 2014, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD$ against the US$ would result in a change of approximately $10,259 in the Company's net loss.

Based on the above net exposure as at September 30, 2014, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD$ against the MXN would result a change of $11,077 in the Company's net loss.

Based on the above net exposure as at September 30, 2014, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD$ against the BGN would result a change of $49,261 in the Company's net loss.

Based on the above net exposure as at September 30, 2014, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD$ against all other currencies would result a change of $1,959 in the Company's net loss.

The Company maintains its funds in Canadian dollars and purchases foreign currencies to meet current operating needs.

18. FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Management (continued)

Market Risk (continued)

Other price risk

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