MUNDORO

Consolidated Financial Statements

December 31, 2017

Expressed in Canadian Dollars

April 25, 2018

Independent Auditor's Report

To the Shareholders of Mundoro Capital Inc.

We have audited the accompanying consolidated financial statements of Mundoro Capital Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of loss, comprehensive loss, change in equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mundoro Capital Inc. as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Mundoro Capital Inc.
(An exploration stage company)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at		**December 31, 2017**		**December 31, 2016**
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**3,522,406**	$	1,567,762
Short-term investments		**-**		3,012,427
Funds held in escrow (note 11)		**999,945**		-
Amounts receivable (note 5)		**787,452**		166,722
Deposits		**19,337**		31,826
Prepaid expenses		**117,577**		88,599
	$	**5,446,717**	$	4,867,336
Non-current assets				
Restricted cash (note 4)	**$**	**57,610**	$	348,482
Investments (note 6)		**280,853**		344,364
Equipment and vehicles (note 7)		**184,434**		121,380
Mineral interests (note 8)		**467,181**		433,374
		990,078		1,247,600
TOTAL ASSETS	**$**	**6,436,795**	$	6,114,936
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 & 12)	**$**	**700,347**	$	353,209
TOTAL LIABILITIES	**$**	**700,347**	$	353,209
EQUITY				
Share capital (note 11)	**$**	**48,795,115**	$	46,725,684
Contributed surplus		**9,000,153**		8,865,334
Stock options reserve		**830,447**		683,513
Accumulated Other Comprehensive Income		**57,793**		49,983
Deficit		**(52,947,060)**		(50,562,787)
TOTAL EQUITY	**$**	**5,736,448**	$	5,761,727
TOTAL EQUITY AND LIABILITIES	**$**	**6,436,795**	$	6,114,936

Subsequent events (note 11)

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

These consolidated financial statements are authorized for issue by the Board of Directors on April 24, 2018.

They are signed on the Company's behalf by:

/s/ Michael Calyniuk Director *//s/ Teo Dechev Director*

Mundoro Capital Inc.
(An exploration stage company)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		For the year ended December 31, 2017		December 31, 2016
Exploration and project evaluation (note 9)	**$**	**3,913,259**	$	2,388,677
Less: recoveries		**(2,678,803)**		(1,245,498)
		1,234,456		1,143,179
EXPENSES				
Corporate governance		**275,904**		284,893
General and administrative		**57,441**		47,926
Accounting and audit		**143,900**		147,773
Corporate communication		**330,586**		185,345
		807,831		665,937
LOSS BEFORE OTHER EXPENSES		**2,042,287**		1,809,116
OTHER (INCOME) EXPENSES				
Interest income		**(34,079)**		(61,658)
Share-based payments (note 11(c))		**146,934**		52,374
Depreciation (note 7)		**53,486**		30,785
Foreign exchange (gain) loss		**110,542**		(1,823)
Loss (gain) on disposal of fixed assets		**1,592**		(3,713)
Write-down of investments (note 6)		**63,511**		-
		341,986		15,965
NET LOSS FOR THE YEAR		**2,384,273**		1,825,081
OTHER COMPREHENSIVE (INCOME) LOSS WHICH MAY BE RE-CLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
Foreign currency translation differences for foreign operations		**(7,811)**		81,331
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**$**	**2,376,463**	$	1,906,412
Loss per share				
Basic and diluted loss per share:	**$**	**(0.04)**	$	(0.04)

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

Mundoro Capital Inc.
(An exploration stage company)
Consolidated Statements of Change in Equity
(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of shares	Amount	Contributed Surplus	Stock options reserve	Accum. Other Comprehensive Income	Deficit	Total
Balance at December 31, 2015	**43,786,776**	**$ 45,801,709**	**$ 8,865,334**	**$ 631,139**	**$ 131,314**	**$ (48,737,706)**	**$ 6,691,790**
Units issued for cash-private placement	8,333,333	1,000,000	-	-	-	-	1,000,000
Share issue costs		(76,025)	-	-	-	-	(76,025)
Share-based payments (Note 11(c))	-	-	-	52,374	-	-	52,374
Net comprehensive loss for the year	-	-	-	-	(81,331)	(1,825,081)	(1,906,412)
Balance at December 31, 2016	**52,120,109**	**$ 46,725,684**	**$ 8,865,334**	**$ 683,513**	**$ 49,983**	**$ (50,562,787)**	**$ 5,761,727**
Balance at December 31, 2016	**52,120,109**	**$ 46,725,684**	**$ 8,865,334**	**$ 683,513**	**$ 49,983**	**$ (50,562,787)**	**$ 5,761,727**
Units issued for cash - private placement	17,203,916	2,187,710	134,819	-	-	-	2,322,529
Share issue costs	-	(118,279)	-	-	-	-	(118,279)
Share-based payments (Note 11(c))	-	-	-	146,934	-	-	146,934
Net comprehensive loss for the year	-	-	-	-	7,811	(2,384,273)	(2,376,463)
Balance at December 31, 2017	**69,324,025**	**$ 48,795,115**	**$ 9,000,153**	**$ 830,447**	**$ 57,793**	**$ (52,947,060)**	**$ 5,736,448**

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

Mundoro Capital Inc.
(An exploration stage company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		For the year ended		
		December 31, 2017		**December 31, 2016**
Cash flows provided from (used in):				
OPERATING ACTIVITIES				
Net loss for the period	**$**	**(2,384,273)**	$	(1,825,081)
Adjustments for items not affecting cash:				
Depreciation		53,486		30,785
Share-based payments		146,934		52,374
Write-down of investments		63,511		-
Loss (gain) on disposal of fixed assets		1,592		(3,713)
		(2,118,750)		(1,745,635)
Net changes in non-cash working capital items:				
Amounts receivable		(607,211)		(116,792)
Prepaid expenses		(26,857)		(13,756)
Deposits		13,741		(12,959)
Accounts payable and accrued liabilities		311,158		80,974
Net cash used in operating activities		**(2,427,919)**		(1,808,168)
FINANCING ACTIVITIES				
Issuance of common shares for cash, net of share issue costs		1,204,305		923,975
Net cash flows from financing activities		**1,204,305**		923,975
INVESTING ACTIVITIES				
Expenditures on resource properties		(4,044)		(6,173)
Net proceeds on redemption and purchase of short-term investments, net of interest earned		3,012,427		1,993,654
Purchase of equipment		(112,610)		(86,866)
Restricted Cash		304,908		61,623
Proceeds from disposition of assets		8,080		10,723
Net cash flows from investing activities		**3,208,761**		1,972,961
Effects of exchange rate changes on cash and cash equivalents		**(30,503)**		(16,559)
Net increase in cash and cash equivalents		**1,954,644**		1,072,209
Cash and cash equivalents, beginning of the year		**1,567,762**		495,553
Cash and cash equivalents, end of the year	**$**	**3,522,406**	$	1,567,762

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

1. NATURE OF OPERATIONS

Mundoro Capital Inc. (the "Company" or "MCI" or "Mundoro") is an exploration, development and investment company operating in the mineral resource sector. The Company's current exploration activity is focused on the Tethyan Belt of Serbia and Bulgaria in Southeastern Europe. 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 and its common stock is quoted on the TSX Venture Exchange ("TSXV") under the symbol MUN.

The Company's head office and principal address is 15th floor - 1040 West Georgia Street, Vancouver, British Columbia, Canada V6E 4H1.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) Statement of compliance with International Financial Reporting Standards

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. The Company's principal wholly owned subsidiaries are:

- Stara Planina Resources d.o.o., located in Serbia, which holds eight exploration licenses;
- Bulgaria Alpha EAD, which holds two exploration licenses in Bulgaria;
- Mundoro de Mexico S.A. de C.V., which holds one mineral concession located in Mexico;
- Mundoro European Holdings Corp., a Canadian holding company;
- Mundoro Exploratie Cooperatie U.A., a Netherlands holding company; and
- Mundoro Middelen BV, a Netherlands holding company

Intercompany balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

d) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and its controlled entities are measured using the currency of the primary economic environment in which each entity operates. The functional currency of the Canadian entities, Mexican entity, Bulgarian entity, Serbian entity and Dutch entities are the Canadian dollar (CAD$), Mexican peso (MXN), Bulgarian Lev (BGN), Serbian dinar (RSD) and Euro (EUR), respectively.

<u>Transactions and balances</u>

Foreign currency transactions are translated into the functional currency of the related entity 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.

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

d) Foreign currency translation (continued)

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 loss and comprehensive loss in the period in which they arise.

Presentation Currency:

The financial results and financial 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 recorded in accumulated other comprehensive income in the statement of changes in equity. These differences are recognized in the statement of loss during the period in which the operation is disposed of.

e) Equipment and vehicles

Equipment and vehicles are initially recognized at cost. All items of equipment and vehicles are subsequently carried at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided on all items of equipment and vehicles to write off the carrying value of items over their expected useful economic lives. Depreciation is provided at the following annual rates:

Computers	30% declining balance
Furniture and fixtures	20% declining balance
Office equipment	20% declining balance
Field equipment	30% declining balance
Vehicles	30% declining balance

Residual value estimates and estimates of useful life are updated as required, but at least annually.

f) Mineral interests

Exploration Assets

Exploration assets include acquired mineral rights for mineral properties held by the Company. The fair value of consideration paid for mineral rights is capitalized. The amounts shown for exploration assets represent costs of acquisition incurred to date, less recoveries, and do not necessarily reflect present or future values. These costs will be amortized against future production or written off if the exploration assets are abandoned or sold.

Exploration and Project Evaluation Costs

Exploration and project evaluation costs, other than acquisition costs, are expensed as incurred until such time as proven and probable reserves are established. Following confirmation of mineral reserves on a project, the project is considered to have demonstrated technical feasibility and commercial viability and the related exploration and evaluation expenditures are capitalized as deferred development assets, after first being tested for impairment.

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

g) *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any impairment indicators exist, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in net loss.

h) *Share-based payments*

The Company's share option plan allows directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

i) *Financial instruments*

Financial Assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following three categories: loans and receivables, fair value through profit or loss ("FVTPL") or available-for-sale.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has classified its cash and cash equivalents, short-term investments, funds held in escrow, deposits, restricted cash, and amounts receivable as loans and receivables.

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss. The Company has classified its investment as available-for-sale as the underlying assets are not publicly traded nor does the Company have any intention to sell this investment in the near future.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

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

i) Financial instruments (continued)

Financial Liabilities
Financial liabilities are initially recorded at fair value and designated at inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

j) Taxation

Tax expense comprises the sum of deferred tax and current tax not recognized directly in equity.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization or settlement, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right to set off current tax assets and liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax recovery or expense in comprehensive loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

k) Cash, cash equivalents and short-term investments

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. Short term investments are highly liquid investments that are readily convertible into cash and which are subject to insignificant risk of changes in value.

l) Management judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are regularly evaluated and are based on management's experience and other factors including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgement that the Company has made in the preparation of the financial statements that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities:

Impairment
The application of the Company's accounting policy for impairment of non-financial assets requires judgment to determine whether indicators of impairment exist including factors such as: the period for which the Company has the right to explore; expected renewals of exploration rights; whether substantive expenditures or further exploration and project evaluation of resource properties are budgeted, and results of exploration and project evaluation activities on the exploration assets.

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

i) Management judgements and key sources of estimation uncertainty (continued)

Impairment (continued)

For the years ended December 31, 2017 and December 31, 2016, the Company conducted its analysis and determined that there were no factors indicating impairment of the capitalized acquisition cost for its mineral interests.

The application of the Company's accounting policy for impairment of financial assets requires judgment to determine whether indicators of impairment exist. The Company reviews its investment valuations for impairment annually considering factors such as dividends, profitability and underlying asset value.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards, will become effective subsequent to December 31, 2017. Those that are expected to be applicable to the consolidated financial statements of the Company are discussed below.

IFRS 9 – Financial Instruments. This standard and its consequential amendments will replace *IAS 39 Financial Instruments*: *Recognition and Measurement*. IFRS 9 uses 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. Except for hedge accounting model, retrospective application is required, but provision of comparative information is not compulsory. For hedge accounting, the requirements are to be applied prospectively, with some limited exceptions.

The Company will adopt the standard on the required effective date and will not restate its comparative information.

All of the Company's financial assets, except for its investments, are short-term and will be measured at amortized cost. The Company's investments include investments in common shares of private entities (Note 6). Unlike IAS 39, IFRS 9 does not permit the recognition of such investments at cost. The Company will measure these investments at their fair value at each reporting period. As at December 31, 2017, the fair value of these investments approximated their capitalized cost on the statement of financial position but their measurement at fair value during subsequent periods could result in a significant impact on the Company's financial position.

IFRS 16 – Leases. This standard and its consequential amendments will replace *IAS 17 – Leases* and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has not adopted this standard early and is currently assessing the impact it will have on its consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(Expressed in Canadian Dollars)

4. RESTRICTED CASH

		December 31, 2017		December 31, 2016
Mineral Property Guarantee Deposits - Bulgaria	**$**	**57,610**	**$**	**348,482**

*Restricted cash consists of cash held by the Bulgarian government as guarantees on the mineral licenses in country.

5. AMOUNTS RECEIVABLE

		December 31, 2017		December 31, 2016
Amounts Receivable				
VAT/GST Receivable	$	230,326	$	120,084
Receivable from joint venture partners (note 8)	$	549,492	$	46,638
Other Receivable		7,634		-
	$	**787,452**	**$**	**166,722**

6. INVESTMENTS

China

On October 11, 2011, the Company completed a strategic transaction with China National Gold Group Hong Kong Limited ("CNGHK"). Pursuant to the share purchase agreement, CNGHK acquired 95% of the issued and outstanding shares of Mundoro Mining Inc. ("MMI"), the Company's previously wholly-owned subsidiary, for a cash purchase price of $13,800,000, with the Company retaining 5% of the issued and outstanding shares of MMI. The investment represents the retained 5% ownership interest in MMI. Due to the lack of information and progress on the Maoling Gold Project, the Company determined that the value of its investment in MMI was impaired. As at December 31, 2017, the Company wrote-down its investment to $nil (December 31, 2016 - $63,511).

Bulgaria

On June 10, 2013, the Company, through a 100%-owned subsidiary, acquired at a cost of $280,853, a 2.9% equity interest in a privately held gold producing company in Bulgaria that operates adjacent to the Company's Zvezda license. As at December 31, 2017, the Company performed an impairment assessment and did not identify any indication that the carrying value of the investment is impaired.

Available for Sale Investments		Investment in China		Investment in Bulgaria		Total
Balance as at December 31, 2016	$	63,511	$	280,853	$	344,364
Change in fair value		-		-		-
Write-down of investment		(63,511)		-		(63,511)
Balance as at December 31, 2017	**$**	**-**	**$**	**280,853**	$	280,853

(Expressed in Canadian Dollars)

7. EQUIPMENT AND VEHICLES

	Office Equipment	Field equipment	Total
Cost			
As at December 31, 2015	**$ 51,259**	**$ 154,615**	**$ 205,874**
Additions	2,186	84,680	86,866
Disposals	-	(28,154)	(28,154)
Effect of movements in exchange rates	(460)	(13,718)	(14,178)
As at December 31, 2016	**$ 52,985**	**$ 197,423**	**$ 250,408**
Additions	4,660	107,950	112,610
Disposals	(26,840)	(12,109)	(38,949)
Effect of movements in exchange rates	533	21,650	22,183
As at December 31, 2017	**$ 31,338**	**$ 314,914**	**$ 346,252**
Accumulated depreciation			
As at December 31, 2015	**$ (34,409)**	**$ (92,335)**	**$ (126,744)**
Depreciation for the period	(6,295)	(24,490)	(30,785)
Disposals	-	21,144	21,144
Effect of movements in exchange rates	369	6,988	7,357
As at December 31, 2016	**$ (40,335)**	**$ (88,693)**	**$ (129,028)**
Depreciation for the period	(5,098)	(48,388)	(53,486)
Disposals	19,434	9,843	29,277
Effect of movements in exchange rates	(401)	(8,180)	(8,581)
As at December 31, 2017	**$ (26,400)**	**$ (135,418)**	**$ (161,818)**
Net book amount			
As at December 31, 2016	$ 12,650	$ 108,730	$ 121,380
As at December 31, 2017	**$ 4,938**	**$ 179,496**	**$ 184,434**

8. MINERAL INTERESTS

	European Projects	Mexico Projects	Total
Balance as at December 31, 2016	**$ 427,812**	**$ 5,562**	**$ 433,374**
Acquisition costs	4,044	-	4,044
Effect of movements in exchange rates	29,852	(89)	29,763
Balance at December 31, 2017	**$ 461,708**	**$ 5,473**	**$ 467,181**

(Expressed in Canadian Dollars)

8. MINERAL INTERESTS (continued)

	European Projects	Mexico Projects	Total
Balance as at December 31, 2015	**$ 452,753**	**$ 6,870**	**$ 459,623**
Acquisition costs	6,173	-	6,173
Effect of movements in exchange rates	(31,114)	(1,308)	(32,422)
Balance at December 31, 2016	**$ 427,812**	**$ 5,562**	**$ 433,374**

Serbian Properties

The Company holds eight 100%-owned exploration licenses which include: (i) Zeleznik (including adjoining licenses Crvena Zemlja and Fresenis), (ii) Padina, (iii) Borsko Jezero, (iv) Savinac, (v) Bacevica, (vi) Osnic, (vii) Sumrakovac, and (viii) Dubrava-Ostrelj. These properties are located in Northeastern Serbia east of Belgrade and are held in the name of Stara Planina d.o.o., Mundoro's 100%-owned Serbian company. To maintain title to the exploration licenses in Serbia, the Company has ongoing annual exploration expenditure commitments and is obligated to pay annual property taxes and other related costs associated with holding the properties. During the year ended December 31, 2017, such holding costs amounted to $67,336 (2016 - $55,753).

On July 27, 2016, the Company amended its binding agreement (the "JOGMEC Agreement") with Japan Oil, Gas and Metals National Corporation ("JOGMEC") and granted to JOGMEC an earn-in option on four of Mundoro's exploration licenses: Dubrava, Padina, Zeleznik and Borsko Jezero (the "Timok North Projects") located within the Timok Magmatic Complex in northeastern Serbia. JOGMEC has the option to earn a 51% interest in the Timok North Projects by making US$4 million in expenditures within three years (by March 2019) ("Stage One Earn-in"). As at December 31, 2017, JOGMEC had funded US$3.4 million in exploration expenditures on the Timok North Projects. Following the Stage One Earn-in, JOGMEC has a right to acquire an additional 24% interest in the Timok North Projects, for a total of 75% interest, by funding the completion of a Feasibility Study (up to US$32 million) by the eighth anniversary of the JOGMEC Agreement (March 2024) ("Stage Two Earn-in"). On completing the Stage Two Earn-In, JOGMEC will have a right, exercisable for a period of 60 days, to purchase an additional 5% interest in the Timok North Projects from Mundoro, for a total of 80% interest. The purchase price for the 5% interest will be determined by an independent appraisal of fair market value. JOGMEC will be responsible for future expenditures on the Timok North Projects through to production if it completes the Stage Two Earn-in, including Mundoro's share of capital expenditures. Mundoro's portion of capital expenditures shall be repaid from 50% of the cash flow that Mundoro would otherwise be entitled to receive on a pro rata basis from the joint venture. If either party dilutes below 10%, their interest will convert into a 2% NSR of which up to 1% NSR will be re-purchasable for a total of US$4 million. Mundoro is the initial operator of the Timok North Projects. A management committee has been formed and is comprised of two representatives from each of Mundoro and JOGMEC.

Amounts received from JOGMEC per the JOGMEC Agreement are netted against the exploration expenditures on the Timok North Projects, recognized in the Company's statement of loss. As at December 31, 2017, $549,492 (December 31, 2016 - $46,638) was receivable from JOGMEC, all of which was received subsequent to the year ended December 31, 2017.

8. MINERAL INTERESTS (continued)

Bulgarian Properties

The Company holds two 100%-owned exploration licenses which include: (i) Zvezda and (ii) Byalo. The Zvezda and Byalo licenses are located in southeastern Bulgaria known as the Rhodopes region. To maintain title to the exploration licenses in Bulgaria, the Company has ongoing annual exploration expenditure commitments and is obligated to pay annual property taxes and related costs associated with holding the properties. During the year ended December 31, 2017, the Company paid $43,359 (2016 - $29,635) in this respect.

Mexico Properties

The Company owns 100% interest in the Camargo Project, a porphyry copper-gold deposit located in the Southeastern Chihuahua State. To maintain the Camargo mineral concession, the Company has an ongoing annual exploration expenditure commitment and is obligated to pay approximately $8,000 semi-annually in government property tax payments.

(Expressed in Canadian Dollars)

9. EXPLORATION AND PROJECT EVALUATION

The following is a summary of expenditures incurred on the Company's projects during the year:

	Europe				
	Serbia	Bulgaria	Mexico	Other Project Evaluation	Total
For the year ended December 31, 2017					
Corporate [1]	$ 131,427	$ 120,128	$ 17,262	$ -	$ 268,817
Land holding [2]	67,336	43,359	7,400	-	118,095
Government and community relations [3]	33,863	775	-	-	34,638
Field related [4]	155,260	54,185	-	-	209,445
Personnel [5]	660,467	247,351	-	-	907,818
Technical Services [6]	1,875,194	249,153	-	-	2,124,347
Project evaluation [7]	179,789	17,641	-	52,670	250,099
Total expenditures	3,103,336	732,592	24,662	52,670	3,913,259
Less: recoveries	(2,678,803)	-	-	-	(2,678,803)
	$ 424,533	$ 732,592	$ 24,662	$ 52,670	$ 1,234,456

	Europe				
	Serbia	Bulgaria	Mexico	Other Project Evaluation	Total
For the year ended December 31, 2016					
Corporate [1]	$ 85,573	$ 65,883	$ 18,601	$ -	$ 170,057
Land holding [2]	55,389	29,635	7,440	-	92,464
Government and community relations [3]	21,913	46,972	-	-	68,885
Field related [4]	145,588	38,180	-	-	183,768
Personnel [5]	485,605	132,601	-	-	618,206
Technical Services [6]	866,805	146,707	-	-	1,013,512
Project evaluation [7]	146,867	18,235	-	76,683	241,785
Total expenditures	1,807,740	478,213	26,041	76,683	2,388,677
Less: recoveries	(1,245,498)	-	-	-	(1,245,498)
	$ 562,242	$ 478,213	$ 26,041	$ 76,683	$ 1,143,179

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.
6) Technical Services expenditures include activities such as geochemical sampling and assaying, geophysical surveys and interpretation, and drilling and assaying.
7) Project evaluation expenditures capture those costs incurred in analysis of existing mineral projects and evaluating new mineral project opportunities.

(Expressed in Canadian Dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2017	December 31, 2016
Trade payables	$ 626,885	$ 285,678
Accrued liabilities	73,462	67,531
	$ 700,347	**$ 353,209**

11. SHARE CAPITAL

a) *Authorized share capital*

Unlimited number of common shares without par value.

b) *Issued share capital*

At December 31, 2017, there were 69,324,025 issued and fully paid common shares (December 31, 2016 – 52,120,109).

On November 29, 2017, the Company closed the first tranche of a private placement of 9,759,916 units at a price of $0.135 per unit for gross proceeds of $1,317,589. Each unit is comprised of one common share and one half of one common share purchase warrant with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.20 for a period of 36 months. The proceeds of $1,317,589 were allocated to common shares and contributed surplus at $1,219,990 and $97,599 respectively, based on their fair value on the date of issuance of the units.

On December 29, 2017, the Company closed the second tranche of a private placement of 7,444,000 units at a price of $0.135 per unit for gross proceeds of $1,004,940. Each unit is comprised of one common share and one half of one common share purchase warrant with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.20 for a period of 36 months. As at December 31, 2017, the Company had issued 7,444,000 units in connection with the private placement, however, proceeds of $999,945 were held in escrow and had not been released to the Company. As such, the Company has recorded $999,945 as funds held in escrow on its consolidated statement of financial position. These funds were received subsequently on January 19, 2018. The proceeds of $1,004,940 were allocated to common shares and contributed surplus at $967,720 and $37,220 respectively, based on their fair value on the date of issuance of the units.

A total of $79,538 was paid as a finder's fee to certain qualified registrants equal to 5% of the gross proceeds raised by such finders. Total costs incurred by the Company in connection with the private placement amounted to $118,279.

On September 7, 2016, the Company completed a private placement raising gross proceeds of $1,000,000 by the issuance of up to 8,333,333 units at $0.12 per Unit. Each Unit is comprised of one common share of the Company and one-half of one share purchase warrant. Each whole share purchase warrant is exercisable into one common share at a price of $0.20 per share for a period of 2 years. The expiry of the warrants may be accelerated if the closing price of the Company's shares equals or exceeds $0.30 for 15 consecutive trading days. The proceeds of $1,000,000 were entirely allocated to common shares based on their fair value on the date of issuance of the units.

A total of $45,000 was paid as a finder's fee to certain qualified registrants equal to 5% of the gross proceeds raised by such finders. Total costs incurred by the Company in connection with the private placement amounted to $76,025.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

c) Stock options

The continuity of stock options during the year ended December 31, 2017 were as follows:

	December 31, 2017			December 31, 2016		
	Number outstanding		**Weighted average exercise price**	**Number outstanding**		**Weighted average exercise price**
Opening Balance	**3,087,500**	**$**	**0.24**	2,815,000	$	0.35
Granted	2,082,500		0.15	1,107,500		0.13
Expired	(837,500)		0.35	(700,000)		0.47
Forfeited	-		-	(135,000)		0.33
Closing Balance	**4,332,500**	**$**	**0.18**	3,087,500	$	0.24

The following summarizes information about stock options outstanding and exercisable at December 31, 2017:

Expiry date		**Options outstanding**	**Options exercisable**	**Exercise price ($)**	**Weighted average remaining contractual life (in years)**
April 3, 2018	*	162,500	162,500	0.28	0.25
December 2, 2018		527,500	527,500	0.30	0.92
January 13, 2020		452,500	452,500	0.21	2.04
June 27, 2021		1,107,500	738,329	0.13	3.49
January 18, 2022		938,000	312,660	0.13	4.05
June 13, 2022		1,144,500	381,495	0.17	4.45
		4,332,500	**2,574,984**	**0.18**	**3.28**

*Subsequent to December 31, 2017, these options expired unexercised.

On January 18, 2017, the Company granted stock options to directors, officers, employees and contractors to purchase up to 938,000 common shares of the Company at an exercise price of $0.13 per share, over a five-year term.

On June 13, 2017, the Company granted stock options to directors, officers, employees and contractors to purchase up to 1,144,500 common shares of the Company at an exercise price of $0.17 per share, over a five-year term.

On June 28, 2016, the Company granted incentive stock options to certain directors, officers, and staff to purchase up to 1,107,500 common shares of the Company at an exercise price of $0.125 per share, over a five-year term.

The incentive stock options granted by the Company during the years ended December 31, 2017 and 2016 are subject to vesting such that 1/3rd vest at the time of the grant, 1/3rd vest after 12 months from the date of the grant and remaining 1/3rd vest after 24 months from the date of the grant.

The estimated value of the options granted during the years ended December 31, 2017 and 2016 was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

c) Stock options (continued)

	December 31, 2017	December 31, 2016
Risk-free interest rate	1.06%	0.62%
Expected annual volatility	79.04%	78.74%
Expected life (in years)	4.00	4.00
Expected dividend yield	0.00%	0.00%
Grant date fair value per option	$0.09	$0.08

d) Warrants

The change in warrants in the year ended December 31, 2017 is as follows:

	December 31, 2017			December 31, 2016		
	Number outstanding		Price per Share	Number outstanding		Weighted average exercise price
Opening Balance	**4,166,667**	**$**	**0.20**	-	$	-
Issued	8,601,958		0.20	4,166,667		0.20
Closing Balance	**12,768,625**	**$**	**0.20**	4,166,667	$	0.20

A summary of the Company's warrants outstanding as at December 31, 2017 is as follows:

Warrants outstanding		Price per Share	Expiry Date
4,166,667	$	0.20	September 7, 2018
4,879,958	$	0.20	November 29, 2020
3,722,000	$	0.20	December 29, 2020
12,768,625	**$**	**0.20**	

The expiry of the warrants expiring September 7, 2018 may be accelerated if the closing price of the Company's shares equals or exceeds $0.30 for 15 consecutive trading days.

(Expressed in Canadian Dollars)

12. RELATED PARTY TRANSACTIONS AND BALANCES

a) *Related party balances*

The balances due to related parties included in accounts payables and accrued liabilities were $26,974 as at December 31, 2017 (December 31, 2016 – $41,352). These amounts are for reimbursement of expenses and service fees.

b) *Related party transactions*

	For the year ended	
	December 31, 2017	**December 31, 2016**
Directors' fees	**$ 76,938**	$ 71,446
Management salaries and benefits	**243,170**	285,594
Share based payments - Directors	**42,572**	31,415
Share based payments - Management	**57,237**	13,663
	$ 419,917	$ 402,118

13. SEGMENTED INFORMATION

The Company has the following geographic 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 net losses by geographic segment are as follows:

	Canada	**Mexico**	**Europe**	**Total**
Assets				
As at December 31, 2017				
Non-current	$ 18,139	$ 5,473	$ 966,466	**$ 990,078**
Current	5,006,162	18,957	421,598	**5,446,717**
Total Assets	$ 5,024,301	$ 24,430	$ 1,388,064	**$ 6,436,795**
As at December 31, 2016				
Non-current	$ 92,613	$ 5,562	$ 1,149,425	**$ 1,247,600**
Current	4,280,612	38,846	547,878	**4,867,336**
Total Assets	$ 4,373,225	$ 44,408	$ 1,697,303	**$ 6,114,936**
Net loss for the year:				
For the year ended December 31, 2017	$ 1,938,025	$ 24,662	$ 421,586	**$ 2,384,273**
For the year ended December 31, 2016	$ 1,221,451	$ 26,041	$ 577,589	**$ 1,825,081**

14. 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.

15. FINANCIAL INSTRUMENTS

a) *Financial Risk Management*

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

Credit risk
The Company is exposed to credit risk with respect to its cash, cash equivalents, short-term investments and other receivable. Cash, cash equivalents and short-term investments have been placed on deposit with major Canadian financial institutions. Other receivable consists primarily of amounts receivable from the Company's joint venture partners as part of the their earn-ins in the Company's exploration projects in Serbia.

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. As well, the Company establishes alliance with partners only with high credit-worthiness with respect to exploration on its projects, and deems the credit risk related to other receivable to be low.

Concentration of credit risk exists as the majority of cash and short-term investments are held at a single Canadian financial institution and also because other receivables as at December 31, 2017 pertains to amounts due from JOGMEC.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk requirements for its exploration, development and other corporate activities, and ensuring that it has sufficient cash and cash equivalents on hand to meet its short-term business requirements. Management and the Board of Directors annually review, plan and approve annual budgets and significant expenditures and commitments. The Company believes that it has sufficient cash and cash equivalents to meet its short-term business requirements. In the long-term, the Company will 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 at December 31, 2017 in the amount of $3,522,406, in order to meet short-term business requirements. At December 31, 2017 the Company had accounts payable and accrued liabilities of $700,347, which are expected to be paid within three months.

15. FINANCIAL INSTRUMENTS (continued)

a) *Financial Risk Management (continued)*

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 equivalents 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 December 31, 2017. As at December 31, 2017, the Company holds $1,917,672 in interest bearing cash deposits. Based on this net exposure as at December 31, 2017, 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 $2,609 in the Company's net loss.

Currency risk
The Company operates in Canada, Mexico, Serbia, Bulgaria and the Netherlands, and its expenses are incurred in CAD$, US$, MXN, EUR, BGN and RSD. 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 maintains its funds primarily in Canadian dollars and purchases foreign currencies to meet current operating needs.

16. INCOME TAXES

a) *Income tax expense*

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 26.0% (2016 – 26.0%) as follows:

		2017		2016
Expected tax recovery	**$**	**(620,000)**	$	(475,000)
Share based compensation and other differences		**(275,000)**		(170,000)
Foreign exchange rate and tax rate differences		**282,000**		218,000
Tax losses expired during the year		**4,000**		-
Tax assets which have not been recognized		**609,000**		427,000
Income tax expense	**$**	**-**	$	-

(Expressed in Canadian Dollars)

16. INCOME TAXES (continued)

b) Deferred income tax assets

As at December 31, 2017, no deferred tax assets are recognized on temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets.

As at December 31, 2017, the unrecognized amount of deferred tax asset arising from the deductible temporary differences are as follows:

	December 31, 2017	December 31, 2016
Tax loss carryforwards and resource pools	**4,630,000**	4,011,000
Other	**160,000**	123,000
	4,790,000	4,134,000

The Company has tax losses in Canada of approximately $11,732,000 expiring in various amounts from 2028 to 2037. The Company also has tax losses in Mexico of approximately $2,489,000 expiring from 2021 to 2027, tax losses in Serbia of approximately $3,900,000 expiring in 2018 to 2022, and tax losses in Bulgaria of approximately $3,319,000 expiring from 2018 to 2022.