MUNDORO

Consolidated Financial Statements

For the Three Months Ended March 31, 2016 and 2015

Expressed in Canadian Dollars

Mundoro Capital Inc.

(An exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at		**March 31, 2016**		**December 31, 2015**
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**435,872**	$	495,553
Short-term investments		**4,655,619**		5,006,081
Amounts receivable (note 5)		**48,565**		57,725
Deposits		**19,979**		19,895
Prepaid expenses		**96,251**		76,294
		5,256,286		**5,655,548**
Non-current assets				
Restricted cash (note 4)	**$**	**423,684**	$	438,054
Mineral interests (note 8)		**444,911**		459,623
Equipment and vehicles (note 7)		**72,234**		79,130
Investments (note 6)		**344,364**		344,364
		1,285,193		**1,321,171**
TOTAL ASSETS	**$**	**6,541,479**	**$**	**6,976,719**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 & 12)	**$**	**331,278**	$	284,929
TOTAL LIABILITIES	**$**	**331,278**	**$**	**284,929**
EQUITY				
Share capital (note 11)	**$**	**45,801,709**	$	45,801,709
Contributed surplus		**8,865,334**		8,865,334
Stock options reserve		**633,116**		631,139
Accumulated Other Comprehensive Income		**75,336**		131,314
Deficit		**(49,165,294)**		(48,737,706)
TOTAL EQUITY	**$**	**6,210,201**	**$**	**6,691,790**
TOTAL EQUITY AND LIABILITIES	**$**	**6,541,479**	**$**	**6,976,719**

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

These consolidated financial statements are authorized for issue by the Board of Directors on May 24, 2016.

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 three months ended March 31, 2016	March 31, 2015
Interest income	$ **17,370**	$ **30,446**
EXPENSES		
Exploration and project evaluation (note 9)	**272,676**	**446,477**
Corporate governance	**57,680**	**82,484**
General and administrative	**9,518**	**24,281**
Accounting and audit	**36,347**	**22,770**
Corporate communication	**14,773**	**35,137**
	390,994	**611,149**
LOSS BEFORE OTHER EXPENSES	**373,624**	**580,703**
OTHER (INCOME) EXPENSES		
Share-based payments (note 11(c))	**1,977**	**18,519**
Depreciation (note 7)	**7,155**	**7,170**
Foreign exchange (gain) loss	**44,832**	**(16,172)**
Loss on disposal of fixed assets	**-**	**-**
Write-down of mineral properties	**-**	**-**
	53,964	**9,517**
NET LOSS FOR THE YEAR	**427,588**	**590,220**
OTHER COMPREHENSIVE (INCOME) WHICH MAY BE RE-CLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Foreign currency translation differences for foreign operations	**55,978**	**42,377**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ **483,566**	$ **632,597**
Loss per share		
Basic and diluted loss per share:	$ **(0.01)**	$ **(0.01)**

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)

	Share capital		Reserves				
	Number of shares	Amount	Contributed Surplus	Stock options reserve	Accum. Other Comprehensive Income	Deficit	Total
Balance at December 31, 2014	**43,786,776**	**$ 45,801,709**	**$ 8,862,637**	**$ 591,474**	**$ 45,191**	**$ (46,415,916)**	**$ 8,885,095**
Reclassification of grant-date fair value on expired options	-	-	2,697	(2,697)	-	-	-
Share-based payments (Note 11(c))	-	-	-	42,362	-	-	42,362
Net comprehensive income (loss) for the year	-	-	-	-	86,123	(2,321,790)	(2,235,667)
Balance at December 31, 2015	**43,786,776**	**45,801,709**	**8,865,334**	**631,139**	**131,314**	**(48,737,706)**	**6,691,790**
Balance at December 31, 2015	**43,786,776**	**$ 45,801,709**	**$ 8,865,334**	**$ 631,139**	**$ 131,314**	**$ (48,737,706)**	**$ 6,691,790**
Share-based payments (Note 11(c))	-	-	-	1,977	-	-	1,977
Net comprehensive loss for the year	-	-	-	-	(55,978)	(427,588)	(483,566)
Balance at March 31, 2016	**43,786,776**	**$ 45,801,709**	**$ 8,865,334**	**$ 633,116**	**$ 75,336**	**$ (49,165,294)**	**$ 6,210,201**

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 three months ended	
	March 31, 2016	**March 31, 2015**
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (427,588)**	**$ (590,220)**
Adjustments for items not affecting cash:		
Depreciation	7,156	7,171
Share-based payments	1,977	18,519
	(418,455)	**(564,530)**
Net changes in non-cash working capital items:		
Amounts receivable	1,712	70,926
Prepaid expenses	(21,263)	13,196
Deposits	(364)	1,582
Accounts payable and accrued liabilities	48,715	(80,360)
Net cash flows (used in) operating activities	**(389,655)**	**(559,185)**
FINANCING ACTIVITIES		
Net cash flows from financing activities	**-**	**-**
INVESTING ACTIVITIES		
Expenditures on resource properties	(405)	(2,364)
Net proceeds on redemption and purchase of short-term investments, net of interest earned	350,462	697,256
Purchase of equipment	(2,186)	(6,410)
Proceeds on disposition of asset	-	1,715
Net cash flows from investing activities	**347,871**	**690,197**
Effects of exchange rate changes on cash and cash equivalents	**(17,897)**	**(22,965)**
Net increase in cash and cash equivalents	**(59,681)**	**108,046**
Cash and cash equivalents, beginning of year	**495,553**	**86,474**
Cash and cash equivalents, end of year	**$ 435,872**	**$ 194,520**

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, and in Mexico. 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. 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 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

The 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) Adoption of new accounting standards

There were no amendments to existing standards commencing on January 1, 2016 that required adoption by the Company.

d) 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 three exploration licenses in Bulgaria; and
- Mundoro de Mexico S.A. de C.V., which holds nine mineral concessions located in the Mesa Central belt of Mexico.

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

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

e) Foreign currency translation

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

Transactions and balances

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.

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.

Presentation Currency:

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 recorded in accumulated other comprehensive income in the statement changes in shareholders’ equity. These differences are recognized in the statement of loss and comprehensive loss in the period in which the operation is disposed of.

f) 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.

g) 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.

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

g) *Mineral Interests (continued)*

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

h) *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 comprehensive loss.

i) *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.

j) *Financial instruments*

Financial Assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, loans and receivables, fair value through profit or loss ("FVTPL") or at 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, deposits, and restricted cash, and amounts receivable as loans and receivables.

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

j) Financial instruments (continued)
Financial Assets (continued)

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 investments as available-for-sale as the underlying assets are not publicly traded nor does the Company have any intention to sell these investments in the near future. The Company reviews its investment valuations for impairment annually considering factors such as dividends, profitability and underlying asset value.

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.

Financial Liabilities
Financial liabilities are initially recorded at fair value and designated upon 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.

k) 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 income 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.

l) 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.

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

m) 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:

<u>Impairment</u>

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. During the year ended December 31, 2015, the company made the decision to drop the Chuprene property in Bulgaria (see note 8).

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards, will become effective subsequent to December 31, 2015. 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. Earlier adoption is permitted.

FRS 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.

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.

(Expressed in Canadian Dollars)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

The Company has not adopted these standards early and is currently assessing the impact they will have on the 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.

4. RESTRICTED CASH

		March 31, 2016		December 31, 2015
Mineral Property Guarantee Deposits	**$**	**423,684**	**$**	**438,054**

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

5. AMOUNTS RECEIVABLE

		March 31, 2016		December 31, 2015
Amounts Receivable				
VAT/GST Receivable	$	42,581	$	39,748
Trade Receivable		5,984		17,977
	$	**48,565**	**$**	**57,725**

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 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 Company has not been informed by MMI (a private Canadian Company controlled by CNGHK) of any change in (i) status of the licenses for the Maoling Gold Project or (ii) any loan or guarantee provided by CNGHK to MMI. The investment represents the retained 5% ownership interest in MMI. As at March 31, 2016, the balance of the investment was $63,511 (December 31, 2015 - $63,511).

(Expressed in Canadian Dollars)

6. INVESTMENTS (continued)

Bulgaria

On June 10, 2013, the Company, through a 100%-owned subsidiary, acquired at a cost of $280,853 less than a 5% equity interest in a privately held gold producing company in Bulgaria that operates adjacent to the Company's Zvezda license. As at March 31, 2016, 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		March 31, 2016		December 31, 2015
Investment in China	**$**	**63,511**	$	63,511
Investment in Bulgaria		**280,853**		280,853
	$	**344,364**	**$**	**344,364**

7. EQUIPMENT AND VEHICLES

		Office Equipment		Field equipment		Total
Cost						
As at December 31, 2014	**$**	**50,821**	**$**	**143,479**	**$**	**194,300**
Additions		-		6,511		6,511
Disposals		-		(4,974)		(4,974)
Effect of movements in exchange rates	$	438	$	9,599		10,037
As at December 31, 2015	**$**	**51,259**	**$**	**154,615**	**$**	**205,874**
Additions		2,186		-		2,186
Disposals		-		-		-
Effect of movements in exchange rates		(219)		(5,220)		(5,439)
Balance at March 31, 2016	**$**	**53,226**	**$**	**149,395**	**$**	**202,621**
Accumulated depreciation						
As at December 31, 2014	**$**	**(27,048)**	**$**	**(67,503)**	**$**	**(94,551)**
Depreciation for the year		(7,051)		(22,292)		(29,343)
Disposals		-		3,168		3,168
Effect of movements in exchange rates	$	(310)	$	(5,708)		(6,018)
As at December 31, 2015	**$**	**(34,409)**	**$**	**(92,335)**	**$**	**(126,744)**
Depreciation for the year		(1,538)		(5,618)		(7,156)
Disposals		-		-		-
Effect of movements in exchange rates		166		3,347		3,513
Balance at March 31, 2016	**$**	**(35,781)**	**$**	**(94,606)**	**$**	**(130,387)**
Net book amount						
As at December 31, 2015	$	16,850	$	62,280	$	79,130
Balance at March 31, 2016	**$**	**17,445**	**$**	**54,789**		**72,234**

(Expressed in Canadian Dollars)

8. MINERAL INTERESTS

	European Projects	Mexico Projects	Total
Balance as at December 31, 2015	**$ 452,753**	**$ 6,870**	**$ 459,623**
Add:			
Acquisition costs	405	-	405
Less:			
Write-down	-	-	-
Reduction on return of deposit	-	-	-
Add:			
Effect of movements in exchange rates	(14,699)	(418)	(15,117)
Balance at March 31, 2016	**$ 438,459**	**$ 6,452**	**$ 444,911**

Serbian Properties

The Company holds eight (2014 – eight) 100%-owned exploration licenses which include: (i) Zeleznik, (ii) Padina (formerly Topla), (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. During the third quarter of 2015 the Company submitted an application for the Padina exploration license. The costs of acquiring the license for this area was capitalized in Q3 2015. 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 ($62,400 in 2015) to the government.

On June 8, 2015, the Company reported that it had entered into an Option Agreement (the "Option Agreement") with First Quantum Minerals Ltd. ("FQM") pursuant to which FQM has been granted an option to enter into a joint venture agreement with the Company on four of the Company's exploration licenses which include Savinac, Sumrakovac, Bacevica and Osnic (the "Southern Timok Properties") located at the southern end of the Timok Magmatic Complex in northeastern Serbia. In December 2015, FQM elected not to enter into a joint venture agreement. FQM covered the drilling and related costs during its option period for the Southern Timok Properties. The drilling and geophysics work paid for by FQM has met all of the Comany's property commitments on the Southern Timok Properties until 2016 and identified further targets for exploration.

On March 7, 2016, the Company reported it has entered into a binding Interim Agreement ("Agreement") with Japan Oil, Gas and Metals National Corporation ("JOGMEC"), in which it has granted to JOGMEC an earn-in option on three of the Company's exploration licenses: Dubrava-Ostreli, Padina and Zeleznik (the "Timok North Projects") located within the Timok Magmatic Complex in northeastern Serbia. Pursuant to the Agreement, the Company has granted to JOGMEC the following earn-in and option rights to the Timok North Projects. JOGMEC may earn a 51% interest in the Timok North Projects by making US$3 million in expenditures within two years (March 2018). JOGMEC is under a firm commitment to expend US$1 million of this amount within one year (March 2017). 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 Agreement (March 2024). 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 the Company, 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 project through to production if it completes Stage Two, including the Company's share of capital expenditures. The Company's portion of capital expenditures shall be repaid from 50% of the cash flow that the Company 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. The Company will be the initial operator of the Timok North Projects. A management committee has been formed and is comprised of two representatives from each of the Company and JOGMEC.

Bulgarian Properties

The Company holds two (2015 – two) 100%-owned exploration licenses which include: (i) Zvezda and (ii) Byalo. The Zvezda and Byalo licenses are located in the Southeastern Rhodopes region. During Q3 2015 the Company submitted an application to the Bulgarian Ministry of Mining for a new exploration license (Krusha). At March 31, 2016 the application had not yet been awarded. 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 ($23,600 in 2015) to the government for the exploration contracts. The Company wrote down approximately $90,000 of capitalized acquisition costs in 2015 relating to the decision to drop the Chuprene property in Bulgaria.

Mexico Properties

As of March 31, 2016, the Company had filed relinquishment applications for all its Mexican properties except for Camargo. Although the confirmation of acceptance of relinquishment has not yet been received for all the properties, under the Mining Act and its regulations, the relinquishment is effective 20 calendar days after filing. All costs associated with the relinquished properties were written down at that time. To maintain the Camargo mineral concession, the Company has an ongoing annual exploration expenditure commitment and is obligated to pay approximately $4,000 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 period:

	Europe				
	Serbia	Bulgaria	Mexico	Other Project Evaluation	Total
For the three months ended March 31, 2016					
Corporate [1]	$ 12,219	$ 12,493	$ 10,333	$ -	$ 35,045
Land holding [2]	12,458	5,747	3,931	-	22,136
Government and community relations [3]	2,262	490	-	-	2,752
Field related [4]	18,191	2,694	-	-	20,885
Personnel [5]	100,527	17,131	-	-	117,658
Technical Services [6]	8,864	1,855	-	-	10,719
Project evaluation [7]	32,078	3,091	-	28,312	63,481
	$ 186,599	$ 43,501	$ 14,264	$ 28,312	$ 272,676
For the three months ended March 31, 2015					
Corporate [1]	$ 30,471	$ 28,324	$ 7,425	$ -	$ 66,220
Land holding [2]	54,469	4,368	4,214	-	63,051
Government and community relations [3]	12,538	445	-	-	12,983
Field related [4]	17,317	4,113	224	-	21,654
Personnel [5]	94,558	48,213	-	-	142,771
Technical Services [6]	30,647	297	-	-	30,944
Project evaluation [7]	56,012	12,991	4,614	35,237	108,854
	$ 296,012	$ 98,751	$ 16,477	$ 35,237	$ 446,477

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.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2016	December 31, 2015
Trade payables	$ 193,716	$ 172,864
Accrued liabilities	137,562	112,065
	$ 331,278	$ 284,929

(Expressed in Canadian Dollars)

11. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At March 31, 2016 there were 43,786,776 issued and fully paid common shares (December 31, 2015 – 43,786,776).

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 March 31, 2016 were as follows:

	March 31, 2016	
	Number outstanding	Weighted average exercise price
Opening Balance, January 1, 2016	**2,815,000**	**$ 0.35**
Granted	-	-
Excercised	-	-
Expired	(50,000)	0.59
Cancelled	(20,000)	0.30
Forfeited	-	-
Closing Balance, March 31, 2016	**2,745,000**	**$ 0.34**

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

c) *Stock options (continued)*

The following summarizes information about stock options outstanding and exercisable at March 31, 2016:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
August 3, 2016	500,000	500,000	0.50	0.34
November 28, 2016	150,000	75,000	0.31	0.66
February 7, 2017	37,500	37,500	0.41	0.86
April 3, 2017	225,000	225,000	0.37	1.01
May 21, 2017	300,000	300,000	0.38	1.14
November 14, 2017	70,000	70,000	0.34	1.62
April 3, 2018	177,500	177,500	0.28	2.01
December 2, 2018	797,500	797,500	0.30	2.67
January 13, 2020	487,500	325,000	0.21	3.79
	2,745,000	**2,507,500**		**1.94**

The estimated value of the options granted during the three months ended March 31, 2016 and 2015 was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	For the three months ended	
	March 31, 2016	**March 31, 2015**
Risk-free interest rate	N/A	1.02%
Expected annual volatility	N/A	61% - 64%
Expected life (in years)	N/A	3 - 5
Expected dividend yield	N/A	0%
Grant date fair value per option	N/A	$0.05 - $0.08

During the three months ended March 31, 2016, the Company recognized share-based payments expense of $1,977 (2015 – $18,519). For the years ended March 31, 2016 and 2015, share-based payments expense related to the stock options consists of the following:

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

c) Stock options (continued)

	For the three months ended	
	March 31, 2016	March 31, 2015
For services in respect of:		
Exploration and project evaluation	**$ 559**	$ 7,313
Corporate governance	**1,236**	9,646
Accounting and audit	**81**	1,011
Corporate communication	**101**	549
	$ 1,977	$ 18,519

12. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were $45,214 as at March 31, 2016 (December 31, 2015 – $36,839). These amounts are for reimbursement of expenses and service fees.

b) Related party transactions

	For the three months ended	
Expenses by nature:	March 31, 2016	March 31, 2015
Directors' fees	**$ 17,231**	$ 24,270
Short-term management salaries and benefits	**66,448**	95,604
Share based payments - Directors	**1,236**	9,415
Share based payments - Management	**405**	4,715
	$ 85,320	$ 134,004

(Expressed in Canadian Dollars)

13. COMMITMENTS

Office Lease

In December of 2014, the Company entered into a 3 year lease agreement ending March 31, 2018. In August 2015, the Company signed a sublease agreement over the remaining period of the lease to cover 90% of the lease costs and entered into a month-to-month agreement to rent office space at rate that is 10% of the lease. The Company also has leased offices in Serbia and Bulgaria and rented storage space in Mexico. The Mexican storage and Bulgarian office can be terminated with 30 days' notice while the lease agreement for the office in Serbia can be terminated with 60 days' notice. As of March 31, 2016, the minimum obligations under these leases are as follows:

	Canada	Mexico	Europe	Total
2016	**54,864**	**-**	**-**	**54,864**
2017	**73,152**	**-**	**-**	**73,152**
2018	**18,288**	**-**	**-**	**18,288**
	$ 146,304	**$ -**	**$ -**	**$ 146,304**

During the three months ended March 31, 2016, $12,114 of lease payments have been recognized as an expense (2015 - $25,166).

14. 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				
Balance at March 31, 2016				
Non-current	$ 96,549	$ 6,453	$ 1,182,191	**$ 1,285,193**
Current	5,084,323	61,706	106,205	**5,252,234**
Total Assets	$ 5,180,872	$ 68,159	$ 1,292,448	**$ 6,541,479**
As at December 31, 2015				
Non-current	$ 95,616	$ 6,870	$ 1,218,685	**$ 1,321,171**
Current	5,461,143	75,472	118,933	**5,655,548**
Total Assets	$ 5,556,759	$ 82,342	$ 1,337,618	**$ 6,976,719**
Net loss for the period:				
For the three months ended March 31, 2016	$ 242,216	$ 14,264	$ 171,108	**$ 427,588**
For the three months ended March 31, 2015	$ 403,820	$ 5,518	$ 180,882	**$ 590,220**

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company 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.

16. 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 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:

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS (continued)

a) *Financial Risk Management (continued)*

		March 31, 2016		December 31, 2015
Held at major Canadian financial institutions:				
Cash	$	340,777	$	364,862
Guranteed Investment Certificate		4,655,619		5,006,081
		4,996,396		**5,370,943**
Held at major Mexican financial institution:				
Cash	$	45,552	$	59,180
Held at major European financial institutions:				
Cash	$	49,543	$	71,511
Total cash and short-term investments	**$**	**5,091,491**	**$**	**5,501,634**

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 insured 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.

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 March 31, 2016 in the amount of $435,872 and $4,655,619 respectively, in order to meet short-term business requirements. At March 31, 2016 the Company had accounts payable and accrued liabilities of $331,278, which are expected to be paid within three months.

16. FINANCIAL INSTRUMENTS (continued)

b) *Financial Risk Management*

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 March 31, 2016. As at March 31, 2016, the Company holds $4,655,619 in short-term investments and interest bearing cash deposits. Based on this net exposure as at March 31, 2016, 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 $3,249 in the Company's net loss.

Currency risk

The Company primarily operates in Canada, Mexico, Serbia, Bulgaria and The Netherlands, 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 maintains its funds in Canadian dollars and purchases foreign currencies to meet current operating needs.