MUNDORO

Condensed Interim Consolidated Financial Statements

(Unaudited)

June 30, 2017

Expressed in Canadian Dollars

Reader's Note:

These unaudited condensed interim consolidated financial statements of Mundoro Capital Inc. have been prepared by management and have not been reviewed by the Company's auditors.

Mundoro Capital Inc.

(An exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at		June 30, 2017		December 31, 2016
		(Unaudited)		
ASSETS				
Current assets				
Cash and cash equivalents	$	**2,120,377**	$	1,567,762
Short-term investments		**1,011,877**		3,012,427
Amounts receivable (note 5)		**251,771**		166,722
Deposits		**38,273**		31,826
Prepaid expenses		**162,951**		88,599
	$	**3,585,249**	$	4,867,336
Non-current assets				
Restricted cash (note 4)	$	**206,949**	$	348,482
Investments (note 6)		**344,364**		344,364
Equipment and vehicles (note 7)		**142,227**		121,380
Mineral interests (note 8)		**459,727**		433,374
		1,153,267		1,247,600
TOTAL ASSETS	$	**4,738,516**	$	6,114,936
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 & 12)	$	**239,120**	$	353,209
TOTAL LIABILITIES	$	**239,120**	$	353,209
EQUITY				
Share capital (note 11)	$	**46,725,684**	$	46,725,684
Contributed surplus		**8,865,334**		8,865,334
Stock options reserve		**780,158**		683,513
Accumulated Other Comprehensive Income		**77,282**		49,983
Deficit		**(51,949,062)**		(50,562,787)
TOTAL EQUITY	$	**4,499,396**	$	5,761,727
TOTAL EQUITY AND LIABILITIES	$	**4,738,516**	$	6,114,936

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

These consolidated financial statements are authorized for issue by the Board of Directors on August 29, 2017.

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
(Unaudited)
(Expressed in Canadian Dollars)

	For the three months ended		For the six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Exploration and project evaluation (note 9)	**$ 996,501**	$ 375,688	**$ 1,646,238**	$ 741,378
Less: recoveries	**(310,853)**	(283,030)	**(857,429)**	(364,354)
	685,648	92,658	**788,809**	377,024
EXPENSES				
Corporate governance	**84,300**	88,734	**161,632**	146,414
General and administrative	**16,504**	11,328	**36,016**	20,846
Accounting and audit	**37,718**	53,497	**72,963**	78,154
Corporate communication	**96,680**	31,724	**165,949**	46,497
	235,202	185,283	**436,560**	291,911
LOSS BEFORE OTHER EXPENSES	**920,850**	277,941	**1,225,369**	668,935
OTHER (INCOME) EXPENSES				
Interest income	**(7,872)**	(11,536)	**(16,296)**	(28,906)
Share-based payments (note 11(c))	**59,552**	28,602	**96,645**	30,579
Depreciation (note 7)	**13,127**	7,016	**24,745**	14,171
Foreign exchange loss	**32,300**	(16,592)	**56,626**	28,240
Gain on disposal of fixed assets	**-**	-	**(814)**	-
	97,107	7,490	**160,906**	44,084
NET LOSS FOR THE PERIOD	**1,017,957**	285,431	**1,386,275**	713,019
OTHER COMPREHENSIVE (INCOME) LOSS WHICH MAY BE RE-CLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
Foreign currency translation differences for foreign operations	**(26,614)**	(2,323)	**(27,299)**	53,655
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**$ 991,343**	$ 283,108	**$ 1,358,976**	$ 766,674
Loss per share				
Basic and diluted loss per share:	**$ (0.02)**	$ (0.01)	**$ (0.03)**	$ (0.02)

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

Mundoro Capital Inc.

(An exploration stage company)

Consolidated Statements of Changes in Equity

(Unaudited)

(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**
Share-based payments (Note 11(c))	-	-	-	30,579	-	-	30,579
Net comprehensive loss for the period	-	-	-	-	(53,655)	(713,019)	(766,674)
Balance at June 30, 2016	**43,786,776**	**$ 45,801,709**	**$ 8,865,334**	**$ 661,718**	**$ 77,659**	**$ (49,450,725)**	**$ 5,955,695**
Balance at December 31, 2016	**52,120,109**	**$ 46,725,684**	**$ 8,865,334**	**$ 683,513**	**$ 49,983**	**$ (50,562,787)**	**$ 5,761,727**
Share-based payments (Note 11(c))	-	-	-	96,645	-	-	96,645
Net comprehensive loss for the period	-	-	-	-	27,299	(1,386,275)	(1,358,976)
Balance at June 30, 2017	**52,120,109**	**$ 46,725,684**	**$ 8,865,334**	**$ 780,158**	**$ 77,282**	**$ (51,949,062)**	**$ 4,499,396**

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

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

	For the six months ended June 30, 2017	June 30, 2016
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (1,386,275)**	$ (713,019)
Adjustments for items not affecting cash:		
Depreciation	24,745	14,372
Share-based payments	96,645	30,579
Gain on disposal of equipment	(814)	-
	(1,265,699)	(668,068)
Net changes in non-cash working capital items:		
Amounts receivable	(75,599)	(5,854)
Prepaid expenses	(70,810)	2,718
Deposits	(5,320)	(10,867)
Accounts payable and accrued liabilities	(123,273)	3,596
Net cash used in operating activities	**(1,540,701)**	(678,475)
INVESTING ACTIVITIES		
Expenditures on resource properties	(3,559)	(405)
Net proceeds on redemption and purchase of short-term investments, net of interest earned	2,000,550	868,403
Purchase of equipment	(39,735)	(2,186)
Restricted Cash	154,419	-
Proceeds from disposition of asset	3,080	-
Net cash flows from investing activities	**2,114,755**	865,812
Effects of exchange rate changes on cash and cash equivalents	**(21,439)**	53,234
Net increase (decrease) in cash and cash equivalents	**552,615**	240,571
Cash and cash equivalents, beginning of the period	**1,567,762**	495,553
Cash and cash equivalents, end of the period	**$ 2,120,377**	$ 736,124

The accompanying notes are an integral part of these condensed interim 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 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

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

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is, therefore, recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2016. The accounting policies applied by the Company in these financial statements are consistent with those of the previous financial year.

b) Basis of preparation

These unaudited condensed interim 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) 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.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainties were the same as those applied for the year ended December 31, 2016.

(Expressed in Canadian Dollars)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards, will become effective subsequent to June 30, 2017. Those that are expected to be applicable to 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.

IFRS 2, Share Based Payments: The IASB issued amendments to IFRS 2 Share-Based Payments that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted.

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 these standards early and is currently assessing the impact they 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.

4. RESTRICTED CASH

		June 30, 2017		December 31, 2016
Mineral Property Guarantee Deposits - Bulgaria	**$**	**206,949**	**$**	**348,482**

(Expressed in Canadian Dollars)

5. AMOUNTS RECEIVABLE

		June 30, 2017		December 31, 2016
Amounts Receivable				
VAT/GST Receivable	$	155,726	$	120,084
Other Receivable (note 8)		96,045		46,638
	$	**251,771**	**$**	**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 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 June 30, 2017, the balance of the investment was $63,511 (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 June 30, 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		June 30, 2017		December 31, 2016
Investment in China	$	63,511	$	63,511
Investment in Bulgaria		280,853		280,853
	$	**344,364**	**$**	**344,364**

(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	4,597	35,138	39,735
Disposals	-	(12,109)	(12,109)
Effect of movements in exchange rates	425	13,355	13,780
As at June 30, 2017	**$ 58,007**	**$ 233,807**	**$ 291,814**
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	(2,505)	(22,240)	(24,745)
Disposals	-	9,842	9,842
Effect of movements in exchange rates	(285)	(5,371)	(5,656)
As at June 30, 2017	**$ (43,125)**	**$ (106,462)**	**$ (149,587)**
Net book amount			
As at December 31, 2016	$ 12,650	$ 108,730	$ 121,380
As at June 30, 2017	**$ 14,882**	**$ 127,345**	**$ 142,227**

8. MINERAL INTERESTS

	European Projects	Mexico Projects	Total
Balance as at December 31, 2016	**$ 427,812**	**$ 5,562**	**$ 433,374**
Acquisition costs	3,559	-	3,559
Effect of movements in exchange rates	22,184	610	22,794
Balance at June 30, 2017	**$ 453,555**	**$ 6,172**	**$ 459,727**

(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, (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 period ended June 30, 2017, such holding costs amounted to $63,346 (2016 - $56,106).

On July 27, 2016, the Company amended its binding interim agreement (the "Interim 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 (March 2019) ("Stage One Earn-in"). JOGMEC has completed its minimum commitment to expend US$1 million of this amount during the first year of the Interim Agreement. 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 Interim 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 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 Interim Agreement are netted against the exploration expenditures on the Timok Norh Projects, recognized in the Company's statement of loss. As at June 30, 2017, $86,221 (December 31, 2017 - $46,638) was receivable from JOGMEC.

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 period ended June 30, 2017, the Company paid $20,234 (2016 - $13,731) for this purpose. The Zvezda and the Byalo exploration licenses have been extended to April 2018 and January 2019, respectively.

(Expressed in Canadian Dollars)

8. MINERAL INTERESTS (continued)

Mexico Properties

As of June 30, 2017, the Company had filed relinquishment applications for all its Mexican properties except for Camarago, which the Company believes has the potential for porphyry gold-copper style mineralization. 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. The Company is maintaining the Camargo concession in good standing and preparing the property for joint ventures or another form of transaction. The Company has a database of the geological information which is being used for joint venture discussions.

9. EXPLORATION AND PROJECT EVALUATION

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

	Europe			Other Project	
	Serbia	Bulgaria	Mexico	Evaluation	Total
For the six months ended June 30, 2017					
Corporate [(1)]	$ 61,732	$ 66,927	$ 5,254	$ -	$ 133,913
Land holding [(2)]	63,346	20,234	7,384	-	90,964
Government and community relations [(3)]	13,737	161	-	-	13,898
Field related [(4)]	67,798	32,867	-	-	100,665
Personnel [(5)]	320,271	106,679	-	-	426,950
Technical Services [(6)]	644,878	109,139	-	-	754,017
Project evaluation [(7)]	94,577	7,988	-	23,266	125,831
Total expenditures	1,266,339	343,995	12,638	23,266	1,646,238
Less: recoveries	(857,429)	-	-	-	(857,429)
	$ 408,910	$ 343,995	$ 12,638	$ 23,266	$ 788,809

	Europe			Other Project	
	Serbia	Bulgaria	Mexico	Evaluation	Total
For the six months ended June 30, 2016					
Corporate [(1)]	$ 38,357	$ 30,604	$ 15,805	$ -	$ 84,766
Land holding [(2)]	56,106	13,731	3,804	-	73,641
Government and community relations [(3)]	4,434	580	-	-	5,014
Field related [(4)]	54,779	6,931	-	-	61,710
Personnel [(5)]	222,320	30,945	-	-	253,265
Technical Services [(6)]	109,012	2,915	-	-	111,927
Project evaluation [(7)]	94,564	8,467	-	48,024	151,055
Total expenditures	579,572	94,173	19,609	48,024	741,378
Less: recoveries	(364,354)	-	-	-	(364,354)
	$ 215,218	$ 94,173	$ 19,609	$ 48,024	$ 377,024

(Expressed in Canadian Dollars)

9. EXPLORATION AND PROJECT EVALUATION (continued)

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

		June 30, 2017		December 31, 2016
Trade payables	$	167,449	$	285,678
Accrued liabilities		71,671		67,531
	$	**239,120**	**$**	**353,209**

11. SHARE CAPITAL

a) *Authorized share capital*

Unlimited number of common shares without par value.

b) *Issued share capital*

At June 30, 2017, there were 52,120,109 issued and fully paid common shares (December 31, 2016 – 52,120,109).

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 and on January 18, 2017.

The changes in stock options during the period were as follows:

	June 30, 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	(747,500)		0.35	(700,000)		0.47
Forfeited	-		-	(135,000)		0.33
Closing Balance	**4,422,500**	**$**	**0.18**	3,087,500	$	0.24

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

c) *Stock options (continued)*

The following summarizes information about stock options outstanding and exercisable at June 30, 2017:

Expiry date	Options outstanding	Options exercisable	Exercise price ($)	Weighted average remaining contractual life (in years)
November 14, 2017	70,000	70,000	0.34	0.38
April 3, 2018	162,500	162,500	0.28	0.76
December 2, 2018	547,500	547,500	0.30	1.42
January 13, 2020	452,500	452,500	0.21	2.54
June 27, 2021	1,107,500	738,329	0.13	3.99
January 18, 2022	938,000	312,660	0.13	4.56
June 13, 2022	1,144,500	381,495	0.17	4.96
	4,422,500	**2,664,984**	**0.18**	**3.72**

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.

These incentive stock options 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 stock options granted during the six months ended June 30, 2017 and the year ended December 31, 2017, was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	June 30, 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

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

d) Warrants

The Company has the following warrants outstanding:

Warrants outstanding	Price per Share	Expiry Date
4,166,667	$ 0.20	September 7, 2018

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.

12. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were $19,385 as at June 30, 2017 (December 31, 2016 – $41,352). These amounts are for reimbursement of expenses and service fees.

b) Related party transactions

	For the three months ended		For the six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Directors' fees	$ **20,383**	$ 21,949	$ **36,483**	$ 39,180
Short-term management salaries and benefits	**60,146**	54,428	**126,393**	120,876
Share based payments - Directors	**17,353**	20,286	**28,798**	21,522
Share based payments - Management	**24,019**	6,675	**37,900**	7,080
	$ **121,901**	$ 103,338	$ **229,574**	$ 188,658

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 85% of the lease costs and entered into a month-to-month agreement to rent office space at a lower rate. 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 June 30, 2017, the minimum obligations under these leases are as follows:

	Canada
2017	**$ 36,462**
2018	**18,231**
	$ 54,694

During the period ended June 30, 2017, the Company paid $36,706 (2016 - $24,898) for such longer-term lease commitment.

(Expressed in Canadian Dollars)

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				
As at June 30, 2017				
Non-current	$ 90,686	$ 6,172	$ 1,056,409	**$ 1,153,267**
Current	3,091,540	29,918	463,791	**3,585,249**
Total Assets	$ 3,182,226	$ 36,090	$ 1,520,200	**$ 4,738,516**
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 six months ended June 30, 2017	$ 982,201	$ 12,638	$ 391,436	**$ 1,386,275**
For the six months ended June 30, 2016	$ 229,873	$ 19,609	$ 463,537	**$ 713,019**

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, short-term investments and amounts receivable. Cash, cash equivalents and short-term investments have been placed on deposit with major Canadian financial institutions and the Company's receivable primarily consists of: sales taxes receivable from the governments and periodically recognizes receivables from JOGMEC in connection with the Interim Agreement (note 8).

16. FINANCIAL INSTRUMENTS (continued)

a) *Financial Risk Management (continued)*

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. Mundoro also enters into agreements with partners of sufficient credit worthiness. The Company deems the credit risk 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.

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 June 30, 2017 in the amount of $2,120,377 and $1,011,877 respectively, in order to meet short-term business requirements. At June 30, 2017, the Company had accounts payable and accrued liabilities of $239,120, which are expected to be paid within three months.

Market Risk
The significant market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash, cash equivalents and, short-term investments primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. The Company also holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on their estimated fair values. As at June 30, 2017, the Company held $1,196,363 in short-term investments and interest-bearing cash deposits. Based on this net exposure as at June 30, 2017, and assuming that all other variables remain constant, a 10% change in the interest rates the Company is currently receiving would result in an increase or decrease of approximately $1,739 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.