



# MUNDORO

**Condensed Interim Consolidated Financial Statements**

**(Unaudited)**

**June 30, 2018**

**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)**

<i>As at</i>		<b>June 30, 2018</b>	<b>December 31, 2017</b>
		<i>(Unaudited)</i>	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$	<b>4,855,689</b>	\$ 3,522,406
Funds held in escrow (note 11(b))		-	999,945
Amounts receivable (note 5)		<b>102,639</b>	237,960
Amounts receivable from joint venture partners (note 8)		-	549,492
Deposits		<b>19,772</b>	19,337
Prepaid expenses		<b>122,249</b>	117,577
		<b>5,100,349</b>	5,446,717
<b>Non-current assets</b>			
Restricted cash (note 4)		<b>85,005</b>	57,610
Investments (note 6)		<b>161,318</b>	280,853
Equipment and vehicles (note 7)		<b>187,714</b>	184,434
Mineral interests (note 8)		<b>477,675</b>	467,181
		<b>911,712</b>	990,078
<b>TOTAL ASSETS</b>	\$	<b>6,012,061</b>	\$ 6,436,795
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities (notes 10 & 12)	\$	<b>524,363</b>	\$ 700,347
Advances from joint venture partners (note 8)		<b>787,614</b>	-
<b>TOTAL LIABILITIES</b>		<b>1,311,977</b>	700,347
<b>EQUITY</b>			
Share capital (note 11)		<b>48,794,833</b>	48,795,115
Contributed surplus		<b>9,000,153</b>	9,000,153
Stock options reserve		<b>909,274</b>	830,447
Accumulated Other Comprehensive Income		<b>71,517</b>	57,793
Deficit		<b>(54,075,693)</b>	(52,947,060)
<b>TOTAL EQUITY</b>		<b>4,700,084</b>	5,736,448
<b>TOTAL EQUITY AND LIABILITIES</b>	\$	<b>6,012,061</b>	\$ 6,436,795

*Subsequent event (note 14)**The accompanying notes are an integral part of these condensed interim consolidated financial statements.*

These condensed interim consolidated financial statements are authorized for issue by the Board of Directors on August 23, 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****(Unaudited)****(Expressed in Canadian Dollars)**

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>Exploration and project evaluation (note 9)</b>	\$ 837,743	\$ 996,501	\$ 1,527,134	\$ 1,646,238
Less: recoveries	(497,765)	(310,853)	(962,343)	(857,429)
	<b>339,978</b>	<b>685,648</b>	<b>564,791</b>	<b>788,809</b>
<b>EXPENSES</b>				
Corporate governance	78,680	84,300	145,719	161,632
General and administrative	16,057	16,504	34,670	36,016
Accounting and audit	39,402	37,718	74,768	72,963
Corporate communication	100,176	96,680	164,075	165,949
	<b>234,315</b>	<b>235,202</b>	<b>419,232</b>	<b>436,560</b>
<b>LOSS BEFORE OTHER EXPENSES</b>	<b>574,293</b>	<b>920,850</b>	<b>984,023</b>	<b>1,225,369</b>
<b>OTHER (INCOME) EXPENSES</b>				
Interest income	(5,854)	(7,872)	(13,209)	(16,296)
Share-based payments	56,641	59,552	78,827	96,645
Depreciation (note 7)	12,495	13,127	24,909	24,745
Foreign exchange (gain) loss	(33,924)	32,300	(65,452)	56,626
Gain on disposal of fixed assets	-	-	-	(814)
Change in fair value of investments (note 6)	119,535	-	119,535	-
	<b>148,893</b>	<b>97,107</b>	<b>144,610</b>	<b>160,906</b>
<b>NET LOSS FOR THE PERIOD</b>	<b>\$ 723,186</b>	<b>\$ 1,017,957</b>	<b>\$ 1,128,633</b>	<b>\$ 1,386,275</b>
<b>OTHER COMPREHENSIVE (INCOME) LOSS WHICH MAY BE RE-CLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>				
Foreign currency translation differences for foreign operations	30,992	(26,614)	(13,724)	(27,299)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ 754,178</b>	<b>\$ 991,343</b>	<b>\$ 1,114,909</b>	<b>\$ 1,358,976</b>
<b>Loss per share</b>				
Basic and diluted loss per share:	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)

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

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

	Share capital		Reserves				Deficit	Total
	Number of shares	Amount	Contributed Surplus	Stock options reserve	Accum. Other Comprehensive Income			
<b>Balance at December 31, 2016</b>	<b>52,120,109</b>	<b>\$ 46,725,684</b>	<b>\$ 8,865,334</b>	<b>\$ 683,513</b>	<b>\$ 49,983</b>	<b>\$ (50,562,787)</b>	<b>\$ 5,761,727</b>	
Share-based payments (Note 11(c))	-	-	-	96,645	-	-	96,645	
Net comprehensive loss for the period	-	-	-	-	27,299	(1,386,275)	(1,358,976)	
<b>Balance at June 30, 2017</b>	<b>52,120,109</b>	<b>\$ 46,725,684</b>	<b>\$ 8,865,334</b>	<b>\$ 780,158</b>	<b>\$ 77,282</b>	<b>\$ (51,949,062)</b>	<b>\$ 4,499,396</b>	
<b>Balance at December 31, 2017</b>	<b>69,324,025</b>	<b>\$ 48,795,115</b>	<b>\$ 9,000,153</b>	<b>\$ 830,447</b>	<b>\$ 57,793</b>	<b>\$ (52,947,060)</b>	<b>\$ 5,736,448</b>	
Share issue costs	-	(282)	-	-	-	-	(282)	
Share-based payments (Note 11(c))	-	-	-	78,827	-	-	78,827	
Net comprehensive loss for the period	-	-	-	-	13,724	(1,128,633)	(1,114,909)	
<b>Balance at June 30, 2018</b>	<b>69,324,025</b>	<b>\$ 48,794,833</b>	<b>\$ 9,000,153</b>	<b>\$ 909,274</b>	<b>\$ 71,517</b>	<b>\$ (54,075,693)</b>	<b>\$ 4,700,084</b>	

*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, 2018	June 30, 2017
<b>Cash flows provided from (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
<b>Net loss for the period</b>	\$ (1,128,633)	\$ (1,386,275)
<b>Adjustments for items not affecting cash:</b>		
Depreciation	24,909	24,745
Share-based payments	78,827	96,645
Change in fair value of investments	119,535	-
Gain on disposal of fixed assets	-	(814)
Unrealized foreign exchange	(93,009)	20,458
	<b>(998,371)</b>	<b>(1,245,241)</b>
<b>Net changes in non-cash working capital items:</b>		
Amounts receivable	690,650	(36,016)
Amounts receivable from joint venture partners	-	(39,583)
Prepaid expenses	(3,459)	(70,810)
Deposits	-	(5,320)
Accounts payable and accrued liabilities	(188,334)	(123,273)
Advances from joint venture partners	787,614	-
<b>Net cash provided by (used in) operating activities</b>	<b>288,100</b>	<b>(1,520,243)</b>
<b>FINANCING ACTIVITIES</b>		
Funds transferred from escrow, net of costs	999,663	-
<b>Net cash flows from financing activities</b>	<b>999,663</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>		
Expenditures on resource properties	(248)	(3,559)
Net proceeds on redemption and purchase of short-term investments, net of interest earned	-	2,000,550
Purchase of equipment	(24,234)	(39,735)
Restricted Cash	(26,257)	154,419
Proceeds from disposition of assets	-	3,080
<b>Net cash flows from investing activities</b>	<b>(50,739)</b>	<b>2,114,755</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>96,259</b>	<b>(41,897)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,333,283</b>	<b>552,615</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>3,522,406</b>	<b>1,567,762</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 4,855,689</b>	<b>\$ 2,120,377</b>

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

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(Expressed in Canadian Dollars)

---

#### 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 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 15<sup>th</sup> 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, 2017. The accounting policies applied by the Company in these financial statements are consistent with those of the previous financial years with the exception of the Company's investments, which are recognized at fair value with the adoption of IFRS 9 as discussed below.

##### b) *Basis of preparation*

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for the Company's investments which are recognized at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Certain comparative figures have been reclassified to conform to the current period's presentation. These reclassifications did not affect prior periods' net losses.

##### 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, 2017 with the exception of the judgements and estimates applied to calculate the fair value of the Company's investments, due to the adoption of IFRS 9 – Financial Instruments, as discussed in Note 3 and 6.

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(Expressed in Canadian Dollars)

---

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2018, the Company adopted IFRS 9 – Financial Instruments.

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 – Financial Instruments: Recognition and Measurement. 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.

All of the Company's financial assets, except for its investments, are short-term and are measured at amortized cost. Such financial assets were previously designated as loans and receivables under IAS 39, which also required recognition at amortized cost and therefore, the adoption of the standard did not result in any adjustment to the Company's accounting records.

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 is therefore required to measure these investments at their fair value at each reporting period. Such investments are classified as fair value through profit or loss ("FVTPL") and any resultant change in the fair value is recorded through the Company's statement of loss.

As at January 1, 2018, the fair value of these investments approximated their capitalized cost on the statement of financial position and therefore the adoption of IFRS 9 did not result in any adjustments to the Company's financial statements. Significant judgements and estimates are involved in determining the fair value of the Company's investments which are described further in Note 6.

### 4. RESTRICTED CASH

	June 30, 2018	December 31, 2017
<b>Mineral Property Guarantee Deposits - Bulgaria</b>	<b>\$ 85,005</b>	<b>\$ 57,610</b>

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

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(Expressed in Canadian Dollars)

#### 5. AMOUNTS RECEIVABLE

	June 30, 2018		December 31, 2017	
<b>Amounts Receivable</b>				
VAT/GST Receivable	\$	94,848	\$	230,326
Other Receivable		7,791		7,634
	\$	<b>102,639</b>	\$	<b>237,960</b>

#### 6. INVESTMENTS

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, 2018, the fair value of such equity investment was determined to be \$161,318 (December 31, 2017 - \$280,853), resulting in a change in fair value of this investment of \$119,535 in the Company's statement of loss.

The Company performed an analysis of comparable companies, using their enterprise value as a proportion of their available current resources, and applied the calculated group average multiple to determine the fair value of its investment. High-degree of judgement is applied in determining such fair value, including but not limited to, using the pro-forma guidance of the companies of the peer group, the statistical sufficiency of the number of the comparable companies and the representativeness of the selected peers. The Company also applied estimates such as the private company liquidity and the jurisdiction risk discount rates. If all other variables remain constant, a 500 basis point change to the discount rates used, would result in a change between \$18,000 to \$26,000 in the Company's fair value estimate.



## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(Expressed in Canadian Dollars)

#### 7. EQUIPMENT AND VEHICLES

	Office Equipment		Field equipment		Total
<b>Cost</b>					
<b>As at December 31, 2016</b>	\$	<b>52,985</b>	\$	<b>197,423</b>	\$ <b>250,408</b>
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
<b>As at December 31, 2017</b>	\$	<b>31,338</b>	\$	<b>314,914</b>	\$ <b>346,252</b>
Additions		7,926		16,308	24,234
Effect of movements in exchange rates		209		6,778	6,987
<b>As at June 30, 2018</b>	\$	<b>39,473</b>	\$	<b>338,000</b>	\$ <b>377,473</b>
<b>Accumulated depreciation</b>					
<b>As at December 31, 2016</b>	\$	<b>(40,335)</b>	\$	<b>(88,693)</b>	\$ <b>(129,028)</b>
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)
<b>As at December 31, 2017</b>	\$	<b>(26,400)</b>	\$	<b>(135,418)</b>	\$ <b>(161,818)</b>
Depreciation for the period		(2,222)		(22,687)	(24,909)
Effect of movements in exchange rates		(159)		(2,873)	(3,032)
<b>As at June 30, 2018</b>	\$	<b>(28,781)</b>	\$	<b>(160,978)</b>	\$ <b>(189,759)</b>
<b>Net book amount</b>					
As at December 31, 2017	\$	4,938	\$	179,496	\$ 184,434
<b>As at June 30, 2018</b>	\$	<b>10,692</b>	\$	<b>177,022</b>	\$ <b>187,714</b>

#### 8. MINERAL INTERESTS

	European Projects		Mexico Projects		Total
<b>Balance as at December 31, 2017</b>	\$	<b>461,708</b>	\$	<b>5,473</b>	\$ <b>467,181</b>
Acquisition costs		248		-	248
Effect of movements in exchange rates		10,063		183	10,246
<b>Balance at June 30, 2018</b>	\$	<b>472,019</b>	\$	<b>5,656</b>	\$ <b>477,675</b>

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(Expressed in Canadian Dollars)

#### 8. MINERAL INTERESTS (continued)

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

#### Serbian Properties

The Company holds eight 100%-owned exploration licenses which include: (i) Zeleznik (including adjoining licenses Crvena Zemlja, Radjina 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 the Company's Serbian subsidiaries. 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, 2018, such holding costs amounted to \$73,970 (2017 - \$63,346).

In Q3-2016, 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"). JOGMEC has the option to earn a 51% interest in the Timok North Projects by spending US\$4 million by March 2019 ("Stage One Earn-in"). As of June 30, 2018, US\$3.7 million has been spent by JOGMEC in Stage One Earn-in.

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. Any advances received for future exploration work or any reimbursable funds expended by the Company are recognized separately on the statement of financial position.

#### 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, 2018, such holding costs amounted to \$36,827 (2017 - \$20,234)

In May 2018, Mundoro entered into an option agreement (the "Saje Option Agreement") with an arm's length third party private company ("the Private Company") to which it granted an option on the Saje project. The Saje project is a Lead-Zinc project, located within the Zvezda license area. Under the terms of the Agreement, the Private Company has committed to drill a minimum of 1,000 meters on the Saje Project ("Option Period"). Thereafter, the Private Company will have one month to provide written notice to enter into an agreement with Mundoro in respect of the Saje Project. The Private Company is sole funding all costs during the Option Period. Upon entering into an agreement, the Private Company will pay to Mundoro annual advance royalty payments in January of each calendar year until commercial production. Mundoro will retain a 2% net smelter returns ("NSR") royalty on any metals production at the Saje Project.

Amounts received from the Saje Optionee per the Saje Option Agreement are netted against the exploration expenditures on the Saje Project, recognized in the Company's statement of loss. Any advances received for future exploration work or any reimbursable funds expended by the Company are recognized separately on the statement of financial position.

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(Expressed in Canadian Dollars)

#### 8. MINERAL INTERESTS (continued)

##### 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.

#### 9. EXPLORATION AND PROJECT EVALUATION

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

	Europe		Mexico	Other	Total
	Serbia	Bulgaria			
<b>For the six months ended June 30, 2018</b>					
Corporate <sup>(1)</sup>	\$ 154,341	\$ 58,917	\$ 3,604	\$ 2,346	\$ 219,208
Land holding <sup>(2)</sup>	73,970	36,827	-	-	110,797
Government and community relations <sup>(3)</sup>	10,975	29,865	-	26	40,866
Field related <sup>(4)</sup>	94,972	13,907	-	-	108,879
Personnel <sup>(5)</sup>	326,546	151,765	-	-	478,311
Technical Services <sup>(6)</sup>	478,331	4,756	-	-	483,087
Project evaluation <sup>(7)</sup>	39,933	15,538	-	30,515	85,986
<b>Total expenditures</b>	<b>1,179,068</b>	<b>311,575</b>	<b>3,604</b>	<b>32,887</b>	<b>1,527,134</b>
<b>Less: recoveries</b>	<b>(942,386)</b>	<b>(19,957)</b>	<b>-</b>	<b>-</b>	<b>(962,343)</b>
	<b>\$ 236,682</b>	<b>\$ 291,618</b>	<b>\$ 3,604</b>	<b>\$ 32,887</b>	<b>\$ 564,791</b>

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

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(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, 2018	December 31, 2017
<b>Trade payables</b>	\$ 442,867	\$ 626,885
<b>Accrued liabilities</b>	81,496	73,462
	<b>\$ 524,363</b>	<b>\$ 700,347</b>

#### 11. SHARE CAPITAL

##### a) Authorized share capital

Unlimited number of common shares without par value.

##### b) Issued share capital

At June 30, 2018, there were 69,324,025 issued and fully paid common shares (December 31, 2017 – 69,324,025).

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. During the period ended June 30, 2018, these funds were received by the Company less finder's fees of \$282.

##### c) Stock options

The continuity of stock options during the period ended June 30, 2018 and the year ended December 31, 2017 was as follows:

	June 30, 2018		December 31, 2017	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
<b>Opening Balance</b>	<b>4,332,500</b>	<b>\$ 0.18</b>	3,087,500	\$ 0.24
Granted	1,300,000	0.11	2,082,500	0.15
Expired	(162,500)	0.28	(837,500)	0.35
<b>Closing Balance</b>	<b>5,470,000</b>	<b>\$ 0.16</b>	4,332,500	\$ 0.18

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(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, 2018:

Expiry date	Options		Exercise price (\$)	Weighted average remaining contractual life (in years)	
	outstanding	Options exercisable			
December 2, 2018	527,500	527,500	0.30	0.42	
January 13, 2020	452,500	452,500	0.21	1.54	
June 27, 2021	1,107,500	1,107,500	0.13	2.99	
January 18, 2022	938,000	625,325	0.13	3.56	
June 13, 2022	1,144,500	762,996	0.17	3.96	
May 23, 2023	1,300,000	433,328	0.11	4.90	
	<b>5,470,000</b>	<b>3,909,149</b>	<b>0.16</b>	<b>3.38</b>	

On May 23, 2018, the Company granted stock options to directors, officers, employees and contractors to purchase up to 1,300,000 common shares of the Company at an exercise price of \$0.11 per share, over a five-year term.

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.

These incentive stock options are subject to vesting such that 1/3<sup>rd</sup> vest at the time of the grant, 1/3<sup>rd</sup> vest after 12 months from the date of the grant and remaining 1/3<sup>rd</sup> 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, 2018 and the year ended December 31, 2017, was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	June 30, 2018	December 31, 2017
Risk-free interest rate	2.21%	1.06%
Expected annual volatility	106.75%	79.04%
Expected life (in years)	4.00	4.00
Expected dividend yield	0.00%	0.00%
Grant date fair value per option	\$0.09	\$0.09

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(Expressed in Canadian Dollars)

#### 11. SHARE CAPITAL (continued)

##### d) Warrants

The change in warrants during the period ended June 30, 2018 and the year ended December 31, 2017 was as follows:

	June 30, 2018		December 31, 2017	
	Number outstanding	Price per Share	Number outstanding	Weighted average exercise price
Opening Balance	12,768,625	\$ 0.20	4,166,667	\$ 0.20
Issued	-	0.20	8,601,958	0.20
Closing Balance	12,768,625	\$ 0.20	12,768,625	\$ 0.20

A summary of the Company's warrants outstanding as at June 30, 2018 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
<b>12,768,625</b>	<b>\$ 0.20</b>	

The expiry of the warrants with the term ending on 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.

#### 12. RELATED PARTY TRANSACTIONS AND BALANCES

##### a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were \$31,679 as at June 30, 2018 (December 31, 2017 – \$26,974). These amounts are for reimbursement of expenses and service fees.

##### b) Related party transactions

Expenses by nature:	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Directors' fees	\$ 14,000	\$ 20,383	\$ 30,308	\$ 36,483
Short-term management salaries and benefits	78,825	60,146	140,577	126,393
Share based payments - Directors	14,070	17,353	20,266	28,798
Share based payments - Management	20,691	24,019	29,658	37,900
	\$ 127,586	\$ 121,901	\$ 220,809	\$ 229,574

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited)

(Expressed in Canadian Dollars)

#### 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
<b>Assets</b>				
As at June 30, 2018				
Non-current	\$ 17,412	\$ 5,655	\$ 888,645	\$ 911,712
Current	4,475,113	22,803	602,433	5,100,349
<b>Total Assets</b>	<b>\$ 4,492,525</b>	<b>\$ 28,458</b>	<b>\$ 1,491,078</b>	<b>\$ 6,012,061</b>
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
<b>Total Assets</b>	<b>\$ 5,024,301</b>	<b>\$ 24,430</b>	<b>\$ 1,388,064</b>	<b>\$ 6,436,795</b>
<b>Net loss:</b>				
For the period ended June 30, 2018	\$ 912,774	\$ 3,604	\$ 212,255	\$ 1,128,633
For the period ended June 30, 2017	\$ 982,201	\$ 12,638	\$ 391,436	\$ 1,386,275

#### 14. SUBSEQUENT EVENT

On July 30, 2018, the Company entered into an earn-in agreement with Freeport-McMoran Exploration Corporation ("Freeport"), in which the Company has granted to Freeport an option to earn-in to Mundoro's Savinac and Bacevica exploration licenses (the "Freeport-Mundoro JV Project"). Pursuant to the Agreement, Mundoro has granted to Freeport an option to earn, over two phases, up to a 75% interest in the Freeport-Mundoro JV Project by sole funding expenditures of up to US\$45 million (C\$59.2 million) as follows:

##### Phase One:

- Freeport has the right to earn a 51% interest in the Freeport-Mundoro JV Project by sole-funding US\$5 million (C\$6.6 million) in expenditures by the third anniversary of the Agreement.
- Mundoro will be the operator of the Freeport-Mundoro JV Project in Phase One.

##### Phase Two:

- Following Phase One, Freeport has the right, exercisable within 60 days, to elect to enter Phase Two, whereupon it can earn an additional 24% interest in the Freeport-Mundoro JV Project, for a total 75% interest, by sole-funding an additional US\$40 million (C\$52.6 million) in expenditures (the "Phase Two Option") by the fifth anniversary of the election date.
- If Freeport (a) elects not to enter Phase Two, or (b) does not satisfy the Phase Two Option, then Freeport will, for a period of ten (10) years thereafter, pay to Mundoro an annual fee of US\$100,000 (C\$131,675) in each year in which the annual work program and budget adopted by the joint venture is a work program and budget proposed by Freeport.

##### Additional Terms:

- The Agreement is subject to: (i) Freeport's satisfaction with, or waiver of, a due diligence condition; and (ii) the transfer of the Freeport-Mundoro JV Project from a current Mundoro Serbian subsidiary to a special purpose Serbian subsidiary wholly-owned by the joint venture.
- If either party's interest in the joint venture is reduced below 10% through dilution, the diluted party's interest will be converted to a 2% Net Smelter Returns Royalty ("NSR") of which up to 1% NSR can be re-purchased.