MUNDORO

Consolidated Financial Statements

(Unaudited)

For the Three and Nine Months Ended September 30, 2016 and 2015

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

As at		September 30, 2016		December 31, 2015
		(unaudited)		
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**1,306,995**	$	495,553
Short-term investments		**4,002,367**		5,006,081
Amounts receivable (note 5)		**153,541**		57,725
Deposits		**32,157**		19,895
Prepaid expenses		**77,051**		76,294
		5,572,111		**5,655,548**
Non-current assets				
Restricted cash (note 4)	**$**	**366,360**	$	438,054
Mineral interests (note 8)		**450,823**		459,623
Equipment and vehicles (note 7)		**80,083**		79,130
Investments (note 6)		**344,364**		344,364
		1,241,630		**1,321,171**
TOTAL ASSETS	**$**	**6,813,741**	**$**	**6,976,719**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 & 12)	**$**	**452,406**	$	284,929
TOTAL LIABILITIES	**$**	**452,406**	**$**	**284,929**
EQUITY				
Share capital (note 11)	**$**	**46,729,168**	$	45,801,709
Contributed surplus		**8,865,334**		8,865,334
Stock options reserve		**672,614**		631,139
Accumulated Other Comprehensive Income		**89,666**		131,314
Deficit		**(49,995,447)**		(48,737,706)
TOTAL EQUITY	**$**	**6,361,335**	**$**	**6,691,790**
TOTAL EQUITY AND LIABILITIES	**$**	**6,813,741**	**$**	**6,976,719**

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

These consolidated financial statements are authorized for issue by the Board of Directors on November 18, 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		For the nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Interest income	$ 19,050	$ 15,835	$ 47,956	$ 74,571
Exploration and project evaluation (note 9)	805,979	311,906	1,525,153	1,062,596
Less: recoveries	(382,076)	(37,550)	(746,430)	(37,550)
	423,903	274,356	778,723	1,025,046
EXPENSES				
Corporate governance	47,335	63,064	193,749	247,768
General and administrative	9,018	36,104	29,864	86,790
Accounting and audit	38,083	37,945	138,441	168,968
Corporate communication	54,695	46,415	101,192	109,371
	149,131	183,528	463,246	612,897
LOSS BEFORE OTHER EXPENSES	553,984	442,049	1,194,013	1,563,372
OTHER (INCOME) EXPENSES				
Share-based payments (note 11(c))	10,896	6,693	41,475	32,959
Depreciation (note 7)	7,600	7,408	21,771	21,625
Foreign exchange (gain) loss	(27,758)	(17,378)	482	(24,834)
	(9,262)	(3,277)	63,728	29,750
NET LOSS FOR THE PERIOD	544,722	438,772	1,257,741	1,593,122
OTHER COMPREHENSIVE (INCOME) WHICH MAY BE RE-CLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
Foreign currency translation differences for foreign operations	(12,007)	(109,689)	41,648	(71,624)
TOTAL COMPREHENSIVE LOSS FOR THE PEROID	$ 532,715	$ 329,083	$ 1,299,389	$ 1,521,498
Loss per share				
Basic and diluted loss per share:	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.04)

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

Mundoro Capital Inc.

(An exploration stage company)

Consolidated Statements of Change of Equity

(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of shares	Amount	Contributed Surplus	Stock options reserve	Accum. Other Comprehensive Income	Deficit	Total
Balance at December 31, 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**
Units issued for cash - private placement	8,333,333	1,000,000	-	-	-	-	1,000,000
Share issue costs	-	(72,541)	-	-	-	-	(72,541)
Share-based payments (Note 11(c))	-	-	-	41,475	-	-	41,475
Net comprehensive loss for the period	-	-	-	-	(41,648)	(1,257,741)	(1,299,389)
Balance at September 30, 2016	**52,120,109**	**46,729,168**	**8,865,334**	**672,614**	**89,666**	**(49,995,447)**	**6,361,335**

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

	For the nine months ended September 30, 2016	September 30, 2015
	(unaudited)	*(unaudited)*
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (1,257,741)**	**$ (1,593,122)**
Adjustments for items not affecting cash:		
Depreciation	21,771	21,625
Share-based payments	41,475	32,959
Loss on disposal of equipment	-	14
	(1,194,495)	**(1,538,524)**
Net changes in non-cash working capital items:		
Amounts receivable	(98,989)	46,303
Prepaid expenses	(1,444)	8,760
Deposits	(12,444)	10,856
Accounts payable and accrued liabilities	170,055	(105,336)
Net cash flows (used in) operating activities	**(1,137,317)**	**(1,577,941)**
FINANCING ACTIVITIES		
Issuance of common shares for cash, net of share issue costs	927,459	-
Net cash flows from financing activities	**927,459**	**-**
INVESTING ACTIVITIES		
Expenditures on resource properties	(4,127)	(8,053)
Net proceeds on redemption and purchase of short-term investments, net of interest earned	1,003,714	1,828,409
Purchase of equipment	(24,550)	(6,442)
Restricted Cash (note 4)	57,691	-
Proceeds on disposition of asset	-	1,701
Net cash flows from investing activities	**1,032,728**	**1,815,615**
Effects of exchange rate changes on cash and cash equivalents	**(11,428)**	**6,703**
Net increase in cash and cash equivalents	**811,442**	**244,377**
Cash and cash equivalents, beginning of period	**495,553**	**86,474**
Cash and cash equivalents, end of period	**$ 1,306,995**	**$ 330,851**

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

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") 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, 2015.

b) Basis of preparation

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

c) Adoption of new accounting standards

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. 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. This amended standard is effective for annual periods beginning on or after January 1, 2016 and did not have any impact on the consolidated financial statements of 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 two exploration licenses in Bulgaria; and
- Mundoro de Mexico S.A. de C.V., which holds one 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.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards, will become effective subsequent to December 31, 2016. 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.

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 - unaudited)

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

		September 30, 2016		December 31, 2015
Mineral Property Guarantee Deposits	**$**	**366,360**	**$**	**438,054**

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

5. AMOUNTS RECEIVABLE

		September 30, 2016		December 31, 2015
Amounts Receivable				
VAT/GST Receivable	$	147,513	$	39,748
Trade Receivable		6,028		17,977
	$	**153,541**	**$**	**57,725**

6. INVESTMENTS

Canada

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 September 30, 2016, the balance of the investment was $63,511 (December 31, 2015 - $63,511).

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 September 30, 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		September 30, 2016		December 31, 2015
Investment in China	**$**	**63,511**	$	63,511
Investment in Bulgaria		**280,853**		280,853
	$	**344,364**	**$**	**344,364**

(Expressed in Canadian Dollars - unaudited)

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**	**$**	**205,874**
Additions		2,186		22,364		24,550
Effect of movements in exchange rates		(172)		(4,447)		(4,619)
Balance at September 30, 2016	**$**	**53,273**	**$**	**172,532**	**$**	**225,805**
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)**	**$**	**(126,744)**
Depreciation for the period		(4,719)		(17,052)		(21,771)
Effect of movements in exchange rates		121		2,672		2,793
Balance at September 30, 2016	**$**	**(39,007)**	**$**	**(106,715)**	**$**	**(145,722)**
Net book amount						
As at December 31, 2015	$	16,850	$	62,280	$	79,130
Balance at September 30, 2016	**$**	**14,266**	**$**	**65,817**		**80,083**

8. MINERAL INTERESTS

		European Projects		Mexico Projects		Total
Balance as at December 31, 2015	**$**	**452,753**	**$**	**6,870**	**$**	**459,623**
Add:						
Acquisition costs		4,127		-		4,127
Add:						
Effect of movements in exchange rates		(11,845)		(1,082)		(12,927)
Balance at September 30, 2016	**$**	**445,035**	**$**	**5,788**	**$**	**450,823**

8. MINERAL INTERESTS (continued)

Serbian Properties

The Company holds eight (2014 – 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 ($62,400 in 2015) to the government.

On August 2, 2016, the Company reported that it had entered into an amendment to the March 4, 2016 binding Interim Agreement with JOGMEC, in which Mundoro has 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. Pursuant to the Agreement, Mundoro 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$4 million in expenditures within three years (March 2019). JOGMEC is under a firm commitment to expend US$1 million of this amount by 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 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 project through to production if it completes Stage Two, 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 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 Mundoro 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 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 ($23,600 in 2015) to the government for the exploration contracts. The Zvezda exploration license has a two-year term to April 2018 while the Byalo exploration license has a three-year term ending in January 2017 with an application for a two-year extension to January 2019. Prior to an exploration license expiry, the Company is required to submit an application for renewal.

Mexico Properties

As of September 30, 2016, 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. During 2016, the Company is focused on 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.

(Expressed in Canadian Dollars - unaudited)

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 nine months ended September 30, 2016					
Corporate [1]	$ 44,873	$ 42,811	$ 15,786	$ -	$ 103,470
Land holding [2]	55,753	16,410	7,573	-	79,736
Government and community relations [3]	9,765	45,715	-	-	55,480
Field related [4]	89,502	11,069	-	-	100,571
Personnel [5]	339,758	56,248	-	-	396,006
Technical Services [6]	590,159	9,819	-	-	599,978
Project evaluation [7]	115,114	13,435	-	61,363	189,912
Less: recoveries	(746,430)	-	-	-	(746,430)
	$ 498,494	$ 195,507	$ 23,359	$ 61,363	$ 778,723

	Europe				
	Serbia	Bulgaria	Mexico	Other Project Evaluation	Total
For the nine months ended September 30, 2015					
Corporate [1]	$ 28,891	$ 40,429	$ 12,850	$ -	$ 82,170
Land holding [2]	59,019	17,021	8,198	-	84,238
Government and community relations [3]	27,086	2,895	-	-	29,981
Field related [4]	50,007	21,342	219	-	71,568
Personnel [5]	259,885	149,658	-	5,987	415,530
Technical Services [6]	62,889	6,184	-	-	69,073
Project evaluation [7]	119,568	47,498	6,096	136,874	310,036
Less: recoveries	(37,550)	-	-	-	(37,550)
	$ 569,795	$ 285,027	$ 27,363	$ 142,861	$ 1,025,046

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

(Expressed in Canadian Dollars - unaudited)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2016	December 31, 2015
Trade payables	$ 394,642	$ 172,864
Accrued liabilities	57,764	112,065
	$ 452,406	$ 284,929

11. SHARE CAPITAL

a) *Authorized share capital*

Unlimited number of common shares without par value.

b) *Issued share capital*

At September 30, 2016, there were 52,120,109 issued and fully paid common shares (December 31, 2015 – 43,786,776).

On September 7, 2016, the Company completed a private placement raising gross proceeds of $1,000,000 by the issuance of up to 8,333,333 units ("Units") at $0.12 per Unit. Each Unit comprises one common share of the Company and one-half of one share purchase warrant. Each whole share purchase warrant ("Warrant") is exercisable into one common share at a price of $0.20 per share for a period of 2 years (Note 11 (d)). After the four-month restricted resale period expires on January 7, 2017, the expiry of the warrants may be accelerated if the closing price of the Company's shares equals or exceeds C$0.30 for 15 consecutive trading days. A total of $45,000 was paid as a finder's fee to certain qualified registrants equal to 5% of the gross proceeds raised by such finders.

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 nine months ended September 30, 2016 were as follows:

	September 30, 2016	
	Number outstanding	Weighted average exercise price
Opening Balance, January 1, 2016	**2,815,000**	**$ 0.35**
Granted	1,107,500	0.125
Expired	(550,000)	0.51
Cancelled	(135,000)	0.30
Closing Balance, September 30, 2016	**3,237,500**	**$ 0.25**

(Expressed in Canadian Dollars - unaudited)

11. SHARE CAPITAL (continued)

c) Stock options (continued)

The following summarizes information about stock options outstanding and exercisable at September 30, 2016:

Expiry date	Options outstanding	Options exercisable	Exercise price ($)	Weighted average remaining contractual life (in years)
November 28, 2016	150,000	150,000	0.31	0.16
February 7, 2017	37,500	37,500	0.41	0.36
April 3, 2017	225,000	225,000	0.37	0.51
May 21, 2017	300,000	300,000	0.38	0.64
November 14, 2017	70,000	70,000	0.34	1.12
April 3, 2018	177,500	177,500	0.28	1.51
December 2, 2018	682,500	682,500	0.30	2.17
January 13, 2020	487,500	325,000	0.21	3.29
June 27, 2021	1,107,500	369,167	0.125	4.74
	3,237,500	**2,336,667**		**2.79**

The estimated value of the options granted during the nine months ended September 30, 2016 and 2015 was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	For the nine months ended	
	September 30, 2016	September 30, 2015
Risk-free interest rate	0.62%	1.02%
Expected annual volatility	75%-83%	61% - 64%
Expected life (in years)	3-5	3 - 5
Expected dividend yield	0%	0%
Grant date fair value per option	$0.07-$0.08	$0.05 - $0.08

During the nine months ended September 30, 2016, the Company recognized share-based payments expense of $41,475 (2015 – $32,959). For the nine months ended September 30, 2016 and 2015, share-based payments expense related to the stock options consists of the following:

	For the three months ended		For the nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
For services in respect of:				
Exploration and project evaluation	$ **4,469**	$ 2,770	$ **16,926**	$ 13,926
Corporate governance	**4,946**	3,372	**18,944**	15,484
Accounting and audit	**658**	267	**2,491**	2,363
Corporate communication	**823**	284	**3,114**	1,186
	$ **10,896**	$ 6,693	$ **41,475**	$ 32,959

(Expressed in Canadian Dollars - unaudited)

11. SHARE CAPITAL (continued)

d) Warrants

The changes in warrants in the period ended September 30, 2016 is as follows:

	September 30, 2016	
	Number outstanding	Price per Share
Opening Balance, January 1, 2016	-	$ -
Issued	4,166,667	0.20
Closing Balance, September 30, 2016	**4,166,667**	**$ 0.20**

A summary of the Company's warrants outstanding as at September 30, 2016 is as follows:

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

12. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were $42,964 as at September 30, 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		For the nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Directors' fees	**$ 15,925**	$ 24,020	**$ 55,105**	$ 76,175
Short-term management salaries and benefits	**68,416**	86,352	**198,717**	272,141
Share based payments - Directors	**4,946**	3,269	**26,468**	15,010
Share based payments - Management	**3,290**	2,142	**10,370**	12,048
	92,577	115,783	**290,660**	375,374

(Expressed in Canadian Dollars - unaudited)

13. SEGMENTED INFORMATION

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

	Canada	Mexico	Europe	Total
Assets				
Balance at September 30, 2016				
Non-current	$ 93,925	$ 5,788	$ 1,141,917	**$ 1,241,630**
Current	5,125,196	44,445	396,960	**5,566,601**
Total Assets	$ 5,219,121	$ 50,233	$ 1,544,387	**$ 6,813,741**
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 nine months ended September 30, 2016	$ 839,662	$ 23,359	$ 394,720	**$ 1,257,741**
For the nine months endedSeptember 30, 2015	$ 1,066,371	$ 27,213	$ 499,538	**$ 1,593,122**

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company continuously reviews the shareholders' equity, cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, and acquire or dispose of assets to adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including but not limited to source and use of capital and general industry conditions.

The Company expects its current capital resources will be sufficient to carry its activities through the current operating period.

15. FINANCIAL INSTRUMENTS

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.

(Expressed in Canadian Dollars - unaudited)

15. FINANCIAL INSTRUMENTS (continued)

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.

Concentration of credit risk exists with respect to the Company's cash and short term investments as the majority of the amounts are held at a single Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

		September 30, 2016		December 31, 2015
Held at major Canadian financial institutions:				
Cash	$	1,059,935	$	364,862
Guranteed Investment Certificate		4,002,367		5,006,081
		5,062,302		**5,370,943**
Held at major Mexican financial institution:				
Cash	$	28,825	$	59,180
Held at major European financial institutions:				
Cash	$	218,235	$	71,511
Total cash and short-term investments	**$**	**5,309,362**	**$**	**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 September 30, 2016 in the amount of $1,306,995 and $4,002,367 respectively, in order to meet short-term business requirements. At September 30, 2016 the Company had accounts payable and accrued liabilities of $452,406, 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.

15. FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash, cash equivalents and, short-term investments primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. The Company also holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2016. As at September 30, 2016, the Company holds $4,002,367 in short-term investments that earn interest at market rates that are fixed to maturity. Based on this net exposure as at September 30, 2016, and assuming that all other variables remain constant, a 10% change in the interest rate the Company is currently receiving would have no effect on 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.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.