



# MUNDORO

**Condensed Interim Consolidated Financial Statements**

**(Unaudited)**

**September 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)**

<i>As at</i>	<b>September 30, 2017</b>		<b>December 31, 2016</b>	
	<i>(Unaudited)</i>			
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$	<b>2,673,986</b>	\$	1,567,762
Short-term investments		-		3,012,427
Amounts receivable (note 5)		<b>594,685</b>		166,722
Deposits		<b>26,418</b>		31,826
Prepaid expenses		<b>129,067</b>		88,599
	\$	<b>3,424,156</b>	\$	4,867,336
<b>Non-current assets</b>				
Restricted cash (note 4)	\$	<b>32,505</b>	\$	348,482
Investments (note 6)		<b>344,364</b>		344,364
Equipment and vehicles (note 7)		<b>182,174</b>		121,380
Mineral interests (note 8)		<b>457,328</b>		433,374
		<b>1,016,371</b>		1,247,600
<b>TOTAL ASSETS</b>	\$	<b>4,440,527</b>	\$	6,114,936
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities (notes 10 & 12)	\$	<b>496,693</b>	\$	353,209
<b>TOTAL LIABILITIES</b>	\$	<b>496,693</b>	\$	353,209
<b>EQUITY</b>				
Share capital (note 11)	\$	<b>46,725,684</b>	\$	46,725,684
Contributed surplus		<b>8,865,334</b>		8,865,334
Stock options reserve		<b>805,308</b>		683,513
Accumulated Other Comprehensive Income		<b>62,138</b>		49,983
Deficit		<b>(52,514,630)</b>		(50,562,787)
<b>TOTAL EQUITY</b>	\$	<b>3,943,834</b>	\$	5,761,727
<b>TOTAL EQUITY AND LIABILITIES</b>	\$	<b>4,440,527</b>	\$	6,114,936

*Subsequent events (note 11 and 16)**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 November 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 nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
<b>Exploration and project evaluation (note 9)</b>	\$ 829,240	\$ 805,979	\$ 2,475,478	\$ 1,547,357
Less: recoveries	(531,852)	(382,076)	(1,389,281)	(746,430)
	<b>297,388</b>	<b>423,903</b>	<b>1,086,197</b>	<b>800,927</b>
<b>EXPENSES</b>				
Corporate governance	48,520	47,335	210,152	193,749
General and administrative	14,248	9,018	50,264	29,864
Accounting and audit	35,819	38,083	108,782	116,237
Corporate communication	103,117	54,695	269,066	101,192
	<b>201,704</b>	<b>149,131</b>	<b>638,264</b>	<b>441,042</b>
<b>LOSS BEFORE OTHER EXPENSES</b>	<b>499,092</b>	<b>573,034</b>	<b>1,724,461</b>	<b>1,241,969</b>
<b>OTHER (INCOME) EXPENSES</b>				
Interest income	(10,714)	(19,050)	(27,010)	(47,956)
Share-based payments (note 11(c))	25,150	10,896	121,795	41,475
Depreciation (note 7)	14,283	7,600	39,028	21,771
Foreign exchange loss	37,757	(27,758)	94,383	482
Gain on disposal of fixed assets	-	-	(814)	-
	<b>66,476</b>	<b>(28,312)</b>	<b>227,382</b>	<b>15,772</b>
<b>NET LOSS FOR THE PERIOD</b>	<b>565,568</b>	<b>544,722</b>	<b>1,951,843</b>	<b>1,257,741</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	15,144	(12,007)	(12,155)	41,648
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ 580,712</b>	<b>\$ 532,715</b>	<b>\$ 1,939,688</b>	<b>\$ 1,299,389</b>
<b>Loss per share</b>				
Basic and diluted loss per share:	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (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 Changes 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, 2015</b>	<b>43,786,776</b>	<b>\$ 45,801,709</b>	<b>\$ 8,865,334</b>	<b>\$ 631,139</b>	<b>\$ 131,314</b>	<b>\$ (48,737,706)</b>	<b>\$ 6,691,790</b>	
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)	
<b>Balance at September 30, 2016</b>	<b>52,120,109</b>	<b>\$ 46,729,168</b>	<b>\$ 8,865,334</b>	<b>\$ 672,614</b>	<b>\$ 89,666</b>	<b>\$ (49,995,447)</b>	<b>\$ 6,361,335</b>	
<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))	-	-	-	121,795	-	-	121,795	
Net comprehensive loss for the period	-	-	-	-	12,155	(1,951,843)	(1,939,688)	
<b>Balance at September 30, 2017</b>	<b>52,120,109</b>	<b>\$ 46,725,684</b>	<b>\$ 8,865,334</b>	<b>\$ 805,308</b>	<b>\$ 62,138</b>	<b>\$ (52,514,630)</b>	<b>\$ 3,943,834</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 nine months ended	
	September 30, 2017	September 30, 2016
<b>Cash flows provided from (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (1,951,843)	\$ (1,257,741)
<b>Adjustments for items not affecting cash:</b>		
Depreciation	39,028	21,771
Share-based payments	121,795	41,475
Gain on disposal of equipment	(814)	-
	<b>(1,791,834)</b>	<b>(1,194,495)</b>
<b>Net changes in non-cash working capital items:</b>		
Amounts receivable	(420,599)	(98,989)
Prepaid expenses	(39,100)	(1,444)
Deposits	6,317	(12,444)
Accounts payable and accrued liabilities	124,531	170,055
<b>Net cash used in operating activities</b>	<b>(2,120,685)</b>	<b>(1,137,317)</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares for cash, net of share issue costs	-	927,459
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>927,459</b>
<b>INVESTING ACTIVITIES</b>		
Expenditures on resource properties	(3,988)	(4,127)
Net proceeds on redemption and purchase of short-term investments, net of interest earned	3,012,427	1,003,714
Purchase of equipment	(92,848)	(24,550)
Restricted Cash	326,260	57,691
Proceeds from disposition of asset	3,080	-
<b>Net cash flows from investing activities</b>	<b>3,244,931</b>	<b>1,032,728</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(18,022)</b>	<b>(11,428)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,106,224</b>	<b>811,442</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>1,567,762</b>	<b>495,553</b>
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 2,673,986</b>	<b>\$ 1,306,995</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

September 30, 2017

(Unaudited)

(Expressed in Canadian Dollars)

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### 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 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, 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.

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017

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#### 3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards, will become effective subsequent to September 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

	September 30, 2017	December 31, 2016
Mineral Property Guarantee Deposits - Bulgaria	\$ 32,505	\$ 348,482

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

#### 5. AMOUNTS RECEIVABLE

	September 30, 2017		December 31, 2016	
<b>Amounts Receivable</b>				
VAT/GST Receivable	\$	134,363	\$	120,084
JOGMEC Receivable (note 8)	\$	448,442	\$	46,638
Other Receivable		11,880		-
	\$	<b>594,685</b>	\$	<b>166,722</b>

#### 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 September 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 September 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	September 30, 2017		December 31, 2016	
Investment in China	\$	63,511	\$	63,511
Investment in Bulgaria		280,853		280,853
	\$	<b>344,364</b>	\$	<b>344,364</b>



## Mundoro Capital Inc.

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#### 7. EQUIPMENT AND VEHICLES

	Office Equipment	Field equipment	Total
<b>Cost</b>			
<b>As at December 31, 2015</b>	<b>\$ 51,259</b>	<b>\$ 154,615</b>	<b>\$ 205,874</b>
Additions	2,186	84,680	86,866
Disposals	-	(28,154)	(28,154)
Effect of movements in exchange rates	(460)	(13,718)	(14,178)
<b>As at December 31, 2016</b>	<b>\$ 52,985</b>	<b>\$ 197,423</b>	<b>\$ 250,408</b>
Additions	4,627	88,221	92,848
Disposals	-	(12,109)	(12,109)
Effect of movements in exchange rates	317	14,161	14,478
<b>As at September 30, 2017</b>	<b>\$ 57,929</b>	<b>\$ 287,696</b>	<b>\$ 345,625</b>
<b>Accumulated depreciation</b>			
<b>As at December 31, 2015</b>	<b>\$ (34,409)</b>	<b>\$ (92,335)</b>	<b>\$ (126,744)</b>
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
<b>As at December 31, 2016</b>	<b>\$ (40,335)</b>	<b>\$ (88,693)</b>	<b>\$ (129,028)</b>
Depreciation for the period	(4,009)	(35,019)	(39,028)
Disposals	-	9,843	9,843
Effect of movements in exchange rates	(244)	(4,994)	(5,238)
<b>As at September 30, 2017</b>	<b>\$ (44,588)</b>	<b>\$ (118,863)</b>	<b>\$ (163,451)</b>
<b>Net book amount</b>			
As at December 31, 2016	\$ 12,650	\$ 108,730	\$ 121,380
<b>As at September 30, 2017</b>	<b>\$ 13,341</b>	<b>\$ 168,833</b>	<b>\$ 182,174</b>

#### 8. MINERAL INTERESTS

	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	3,988	-	3,988
Effect of movements in exchange rates	19,668	298	19,966
<b>Balance at September 30, 2017</b>	<b>\$ 451,468</b>	<b>\$ 5,860</b>	<b>\$ 457,328</b>

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited)

(Expressed in Canadian Dollars)

#### 8. MINERAL INTERESTS (continued)

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

#### Serbian Properties

The Company holds eight 100%-owned exploration licenses which include: (i) Zeleznik (including adjoining licenses Crvena Zemlja and Fresenis), (ii) Padina, (iii) Borsko Jezero, (iv) Savinac, (v) Bacevica, (vi) Osnic, (vii) Sumrakovac, and (viii) Dubrava-Ostrelj. These properties are located in Northeastern Serbia east of Belgrade and are held in the name of Stara Planina d.o.o., Mundoro's 100%-owned Serbian company. To maintain title to the exploration licenses in Serbia, the Company has ongoing annual exploration expenditure commitments and is obligated to pay annual property taxes and other related costs associated with holding the properties. During the period ended September 30, 2017, such holding costs amounted to \$66,411 (2016 - \$55,753).

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 North Projects, recognized in the Company's statement of loss. As at September 30, 2017, \$448,442 (December 31, 2017 - \$46,638) was receivable from JOGMEC, all of which was received subsequent to period end.

#### 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 September 30, 2017, the Company paid \$31,706 (2016 - \$16,410) for this purpose. The Zvezda and the Byalo exploration licenses have been extended to April 2018 and January 2019, respectively.

## Mundoro Capital Inc.

(An exploration stage company)

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(Expressed in Canadian Dollars)

#### 8. MINERAL INTERESTS (continued)

##### Mexico Properties

As of September 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 Camarago 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.

#### 9. EXPLORATION AND PROJECT EVALUATION

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

	Europe			Other Project Evaluation	Total
	Serbia	Bulgaria	Mexico		
<b>For the nine months ended September 30, 2017</b>					
Corporate <sup>(1)</sup>	\$ 95,915	\$ 92,050	\$ 14,233	\$ -	\$ 202,198
Land holding <sup>(2)</sup>	66,411	31,706	7,475	-	105,592
Government and community relations <sup>(3)</sup>	23,404	324	-	-	23,728
Field related <sup>(4)</sup>	103,523	46,292	-	-	149,815
Personnel <sup>(5)</sup>	484,883	158,647	-	-	643,530
Technical Services <sup>(6)</sup>	972,826	192,467	-	-	1,165,293
Project evaluation <sup>(7)</sup>	128,454	11,981	-	44,887	185,322
<b>Total expenditures</b>	<b>1,875,416</b>	<b>533,467</b>	<b>21,708</b>	<b>44,887</b>	<b>2,475,478</b>
<b>Less: recoveries</b>	<b>(1,389,281)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,389,281)</b>
	<b>\$ 486,135</b>	<b>\$ 533,467</b>	<b>\$ 21,708</b>	<b>\$ 44,887</b>	<b>\$ 1,086,197</b>

	Europe			Other Project Evaluation	Total
	Serbia	Bulgaria	Mexico		
<b>For the nine months ended September 30, 2016</b>					
Corporate <sup>(1)</sup>	\$ 59,676	\$ 50,212	\$ 15,786	\$ -	\$ 125,674
Land holding <sup>(2)</sup>	55,753	16,410	7,573	-	79,736
Government and community relations <sup>(3)</sup>	9,765	45,715	-	-	55,480
Field related <sup>(4)</sup>	89,502	11,069	-	-	100,571
Personnel <sup>(5)</sup>	339,758	56,248	-	-	396,006
Technical Services <sup>(6)</sup>	590,159	9,819	-	-	599,978
Project evaluation <sup>(7)</sup>	115,114	13,435	-	61,363	189,912
<b>Total expenditures</b>	<b>1,259,727</b>	<b>202,908</b>	<b>23,359</b>	<b>61,363</b>	<b>1,547,357</b>
<b>Less: recoveries</b>	<b>(746,430)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(746,430)</b>
	<b>\$ 513,297</b>	<b>\$ 202,908</b>	<b>\$ 23,359</b>	<b>\$ 61,363</b>	<b>\$ 800,927</b>

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

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(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

	September 30, 2017	December 31, 2016
Trade payables	\$ 407,575	\$ 285,678
Accrued liabilities	89,118	67,531
	<b>\$ 496,693</b>	<b>\$ 353,209</b>

#### 11. SHARE CAPITAL

##### a) Authorized share capital

Unlimited number of common shares without par value.

##### b) Issued share capital

At September 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:

	September 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	<b>4,422,500</b>	<b>\$ 0.18</b>	<b>3,087,500</b>	<b>\$ 0.24</b>

## Mundoro Capital Inc.

(An exploration stage company)

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#### 11. SHARE CAPITAL (continued)

##### c) Stock options (continued)

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

Expiry date	Options		Exercise price (\$)	Weighted average remaining contractual	
	outstanding	Options exercisable		life (in years)	
November 14, 2017	70,000	70,000	0.34	0.12	*
April 3, 2018	162,500	162,500	0.28	0.51	
December 2, 2018	547,500	547,500	0.30	1.17	
January 13, 2020	452,500	452,500	0.21	2.29	
June 27, 2021	1,107,500	738,329	0.13	3.74	
January 18, 2022	938,000	312,660	0.13	4.30	
June 13, 2022	1,144,500	381,495	0.17	4.70	
	<b>4,422,500</b>	<b>2,664,984</b>	<b>0.18</b>	<b>3.47</b>	

\* - options expired unexercised subsequent to September 30, 2017

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 1/3<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 nine months ended September 30, 2017 and the year ended December 31, 2016, was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	September 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

## Mundoro Capital Inc.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

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#### 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 \$30,793 as at September 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 nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Directors' fees	\$ 17,025	\$ 15,925	\$ 53,508	\$ 55,105
Short-term management salaries and benefits	68,416	68,416	194,809	198,717
Share based payments - Directors	4,946	4,946	33,744	26,468
Share based payments - Management	3,290	3,290	41,190	10,370
	<b>93,677</b>	<b>92,577</b>	<b>323,251</b>	<b>290,660</b>

## Mundoro Capital Inc.

(An exploration stage company)

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#### 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 September 30, 2017				
Non-current	\$ 89,722	\$ 5,860	\$ 920,789	\$ 1,016,371
Current	2,830,241	15,978	577,937	3,424,156
<b>Total Assets</b>	<b>\$ 2,919,963</b>	<b>\$ 21,838</b>	<b>\$ 1,498,726</b>	<b>\$ 4,440,527</b>
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
<b>Total Assets</b>	<b>\$ 4,373,225</b>	<b>\$ 44,408</b>	<b>\$ 1,697,303</b>	<b>\$ 6,114,936</b>
<b>Net loss for the year:</b>				
For the nine months ended September 30, 2017	\$ 1,445,763	\$ 21,708	\$ 484,372	\$ 1,951,843
For the nine months ended September 30, 2016	\$ 839,662	\$ 23,359	\$ 394,720	\$ 1,257,741

#### 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.

#### 15. FINANCIAL INSTRUMENTS

##### a) Financial Risk Management

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

##### Credit risk

The Company is exposed to credit risk with respect to its cash, cash equivalents, short-term investments and 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 it also periodically recognizes receivables from JOGMEC in connection with the Interim Agreement (note 8).

## Mundoro Capital Inc.

(An exploration stage company)

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017

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### 15. 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 will have to raise funds through the issuance of equity, assumption of debt, or other financing alternatives to complete development of its current projects and any projects acquired by the Company in the future. There are no assurances that the Company would be successful in its efforts to secure any required future financing.

The Company maintained sufficient cash and cash equivalents, and short-term investments at September 30, 2017 in the amount of \$2,673,986, in order to meet short-term business requirements. At September 30, 2017, the Company had accounts payable and accrued liabilities of \$496,693, 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 September 30, 2017, the Company held \$1,917,672 in short-term investments and interest-bearing cash deposits. Based on this net exposure as at September 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 \$2,585 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.



## **Mundoro Capital Inc.**

*(An exploration stage company)*

### **Notes to the Condensed Interim Consolidated Financial Statements**

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#### **16. SUBSEQUENT EVENT**

On November 29, 2017, the Company closed a private placement of 9,759,916 units at a price of \$0.135 per unit, for gross proceeds of \$1,317,589. Each unit is comprised of one common share and one half of one common share purchase warrant with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.20 for a period of 36 months. Finder's fees totaling \$79,538 will be paid upon receipt of final approval for the private placement from the TSXV. The Insiders of the Company subscribed for a total of 993,250 units on the same terms as other participants.