



# MUNDORO

**Condensed Interim Consolidated Financial Statements  
(Unaudited)  
June 30, 2020  
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****(Unaudited)****(Expressed in Canadian Dollars)**

| <i>As at</i>   | <b>June 30, 2020</b> | <b>December 31, 2019</b> |
|--|----------------------|--------------------------|
|  | <i>(Unaudited)</i>   |                          |
| <b>ASSETS</b>  |                      |                          |
| <b>Current assets</b>                                    |                      |                          |
| Cash and cash equivalents                                | \$ 2,378,168         | \$ 2,744,516             |
| Amounts receivable (note 5)                              | 145,730              | 1,232,678                |
| Deposits   | 28,013               | 26,186                   |
| Prepaid expenses   | 98,512               | 89,277                   |
|  | <b>2,650,423</b>     | <b>4,092,657</b>         |
| <b>Non-current assets</b>                                |                      |                          |
| Restricted cash (note 4)                                 | 18,697               | 44,996                   |
| Investments (note 6)                                     | 485,950              | 370,010                  |
| Equipment and vehicles (note 7)                          | 217,571              | 225,475                  |
| Mineral interests (note 8)                               | 474,298              | 453,327                  |
|  | <b>1,196,516</b>     | <b>1,093,808</b>         |
| <b>TOTAL ASSETS</b>                                      | <b>\$ 3,846,939</b>  | <b>\$ 5,186,465</b>      |
| <b>LIABILITIES</b>                                       |                      |                          |
| <b>Current liabilities</b>                               |                      |                          |
| Accounts payable and accrued liabilities (notes 10 & 12) | \$ 321,416           | \$ 1,006,997             |
| Advances from option partners (note 10)                  | 40,122               | 216,104                  |
| <b>TOTAL LIABILITIES</b>                                 | <b>361,538</b>       | <b>1,223,101</b>         |
| <b>EQUITY</b>  |                      |                          |
| Share capital (note 11)                                  | 50,379,065           | 50,288,125               |
| Contributed surplus                                      | 9,000,153            | 9,000,153                |
| Stock options reserve                                    | 1,172,207            | 1,090,160                |
| Accumulated other comprehensive income                   | (165,917)            | 61,321                   |
| Deficit  | (56,900,107)         | (56,476,395)             |
| <b>TOTAL EQUITY</b>                                      | <b>3,485,401</b>     | <b>3,963,364</b>         |
| <b>TOTAL EQUITY AND LIABILITIES</b>                      | <b>\$ 3,846,939</b>  | <b>\$ 5,186,465</b>      |

*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 19, 2020.

The 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, 2020              | June 30, 2019     | June 30, 2020            | June 30, 2019       |
| <b>Exploration and project evaluation (note 9)</b>  | \$ 511,992                 | \$ 621,670        | \$ 1,742,150             | \$ 1,990,496        |
| Less: recoveries  | (104,575)                  | (397,138)         | (1,197,817)              | (1,337,490)         |
|   | <b>407,417</b>             | <b>224,532</b>    | <b>544,333</b>           | <b>653,006</b>      |
| <b>EXPENSES</b>   |                            |                   |                          |                     |
| Corporate governance  | 45,993                     | 77,558            | 104,936                  | 140,317             |
| General and administrative  | 26,980                     | 25,513            | 56,614                   | 46,684              |
| Accounting and audit  | 33,943                     | 53,581            | 83,604                   | 107,697             |
| Corporate communication   | 43,501                     | 73,239            | 112,738                  | 157,201             |
| Operator fees earned  | (7,666)                    | (34,278)          | (116,302)                | (135,940)           |
|   | <b>142,751</b>             | <b>195,613</b>    | <b>241,590</b>           | <b>315,959</b>      |
| <b>LOSS BEFORE OTHER EXPENSES</b>   | <b>550,168</b>             | <b>420,145</b>    | <b>785,923</b>           | <b>968,965</b>      |
| <b>OTHER (INCOME) EXPENSES</b>  |                            |                   |                          |                     |
| Interest income   | (1,531)                    | (10,843)          | (3,821)                  | (18,964)            |
| Share-based payments  | 58,589                     | 74,595            | 82,047                   | 92,470              |
| Depreciation (note 7)   | 15,913                     | 16,138            | 31,243                   | 34,640              |
| Foreign exchange (gain) loss  | 24,126                     | 196,188           | (355,740)                | 311,226             |
| Gain on disposal of fixed assets  | -                          | (1,942)           | -                        | (1,942)             |
| Change in fair value of investments (note 6)  | (147,394)                  | 1,182             | (115,940)                | 1,182               |
|   | <b>(50,297)</b>            | <b>275,318</b>    | <b>(362,211)</b>         | <b>418,612</b>      |
| <b>NET LOSS FOR THE PERIOD</b>  | <b>\$ 499,871</b>          | <b>\$ 695,463</b> | <b>\$ 423,712</b>        | <b>\$ 1,387,577</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   | (9,462)                    | 116,243           | 227,238                  | (120,671)           |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>  | <b>\$ 490,409</b>          | <b>\$ 811,706</b> | <b>\$ 650,950</b>        | <b>\$ 1,266,906</b> |
| <b>Loss per share</b>   |                            |                   |                          |                     |
| Basic and diluted loss per share:   | \$ (0.01)                  | \$ (0.01)         | \$ (0.01)                | \$ (0.02)           |

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

**MUNDORO CAPITAL INC.***(An exploration stage company)***Consolidated Statements of Change in Equity****(Unaudited)****(Expressed in Canadian Dollars)**

|   | Share capital     |                      | Reserves            |                       |                                   |                        |                     | Total |
|---|-------------------|----------------------|---------------------|-----------------------|-----------------------------------|------------------------|---------------------|-------|
|   | Number of shares  | Amount               | Contributed Surplus | Stock options reserve | Accum. Other Comprehensive Income | Deficit                |                     |       |
| <b>Balance at December 31, 2018</b>     | <b>69,324,025</b> | <b>\$ 48,794,833</b> | <b>\$ 9,000,153</b> | <b>\$ 950,300</b>     | <b>\$ 6,688</b>                   | <b>\$ (54,551,148)</b> | <b>\$ 4,200,826</b> |       |
| Units issued for cash-private placement | 11,340,502        | 1,530,968            | -                   | -                     | -                                 | -                      | 1,530,968           |       |
| Share issue costs                       | -                 | (37,676)             | -                   | -                     | -                                 | -                      | (37,676)            |       |
| Share-based payments (Note 12 (c))      | -                 | -                    | -                   | 139,860               | -                                 | -                      | 139,860             |       |
| Net comprehensive loss for the year     | -                 | -                    | -                   | -                     | 54,633                            | (1,925,247)            | (1,870,614)         |       |
| <b>Balance at December 31, 2019</b>     | <b>80,664,527</b> | <b>\$ 50,288,125</b> | <b>\$ 9,000,153</b> | <b>\$ 1,090,160</b>   | <b>\$ 61,321</b>                  | <b>\$ (56,476,395)</b> | <b>\$ 3,963,364</b> |       |
| <b>Balance at December 31, 2019</b>     | <b>80,664,527</b> | <b>\$ 50,288,125</b> | <b>\$ 9,000,153</b> | <b>\$ 1,090,160</b>   | <b>\$ 61,321</b>                  | <b>\$ (56,476,395)</b> | <b>\$ 3,963,364</b> |       |
| Share-based payments (Note 11 (c))      | -                 | -                    | -                   | 82,047                | -                                 | -                      | 82,047              |       |
| Units issued for cash-private placement | 735,473           | 99,289               | -                   | -                     | -                                 | -                      | 99,289              |       |
| Share issue costs                       | -                 | (8,349)              | -                   | -                     | -                                 | -                      | (8,349)             |       |
| Net comprehensive loss for the period   | -                 | -                    | -                   | -                     | (227,238)                         | (423,712)              | (650,950)           |       |
| <b>Balance at June 30, 2020</b>         | <b>81,400,000</b> | <b>\$ 50,379,065</b> | <b>\$ 9,000,153</b> | <b>\$ 1,172,207</b>   | <b>\$ (165,917)</b>               | <b>\$ (56,900,107)</b> | <b>\$ 3,485,401</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, 2020            | June 30, 2019       |
| <b>Cash flows provided from (used in):</b>                           |                          |                     |
| <b>OPERATING ACTIVITIES</b>  |                          |                     |
| Net Income (loss) for the period                                     | \$ (423,712)             | \$ (1,387,577)      |
| <b>Adjustments for items not affecting cash:</b>                     |                          |                     |
| Depreciation   | 31,244                   | 34,950              |
| Share-based payments   | 82,047                   | 92,470              |
| Foreign exchange (gain) loss   | (355,740)                | -                   |
| Change in fair value of investments (note 6)                         | (115,940)                | (83,864)            |
|  | <b>(782,101)</b>         | <b>(1,344,021)</b>  |
| <b>Net changes in non-cash working capital items:</b>                |                          |                     |
| Amounts receivable   | 1,104,205                | (20,464)            |
| Prepaid expenses   | (8,958)                  | (104,767)           |
| Deposits   | (526)                    | (7,701)             |
| Accounts payable and accrued liabilities                             | (709,706)                | (879,769)           |
| Advances from option partners  | (175,982)                | 262,147             |
| <b>Net cash provided by (used in) operating activities</b>           | <b>(573,068)</b>         | <b>(2,094,575)</b>  |
| <b>FINANCING ACTIVITIES</b>  |                          |                     |
| Funds transferred from escrow, net of costs                          | (8,349)                  | -                   |
| Issuance of common shares for cash, net of share issue costs         | 99,289                   | -                   |
| <b>Net cash flows from financing activities</b>                      | <b>90,940</b>            | <b>-</b>            |
| <b>INVESTING ACTIVITIES</b>  |                          |                     |
| Expenditures on resource properties                                  | (187)                    | (4,278)             |
| Purchase of equipment  | (12,691)                 | (7,765)             |
| Restricted cash  | 24,290                   | 24,488              |
| <b>Net cash flows from investing activities</b>                      | <b>11,412</b>            | <b>12,445</b>       |
| <b>Effects of exchange rate changes on cash and cash equivalents</b> | <b>104,368</b>           | <b>172,433</b>      |
| <b>Net increase in cash and cash equivalents</b>                     | <b>(366,348)</b>         | <b>(1,909,677)</b>  |
| <b>Cash and cash equivalents, beginning of period</b>                | <b>2,744,516</b>         | <b>4,508,894</b>    |
| <b>Cash and cash equivalents, end of period</b>                      | <b>\$ 2,378,168</b>      | <b>\$ 2,599,197</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, 2020

(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 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, 2018. 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. For the quarter ended June 30, 2020, the Company reclassified "Operator fees earned" from recoveries in the Consolidated Statement of Loss and Comprehensive Loss to recognize fees received for its role as operator on Earn-In Agreements. These reclassifications did not affect prior periods' net losses.

##### c) *Management judgements and key sources of estimation uncertainty*

The preparation of financial statements in conformity with IFRS 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.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment. Both internal and external information are considered to determine whether there is an indicator of impairment present and therefore, whether impairment testing is required.

## MUNDORO CAPITAL INC.

(An exploration stage company)

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#### 3. ADOPTION OF NEW ACCOUNTING STANDARDS

*IFRS 16 – Leases.* This standard and its consequential amendments replaced 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 introduced 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. IFRS 16 is effective for annual periods beginning on January 1, 2019. The Company has assessed that there was no material impact on its consolidated financial statements upon adoption.

#### 4. RESTRICTED CASH

|   | June 30, 2020    | December 31, 2019 |
|---|------------------|-------------------|
| <b>Mineral Property Guarantee Deposits – Bulgaria</b> | <b>\$ 18,697</b> | <b>\$ 44,996</b>  |

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

#### 5. AMOUNTS RECEIVABLE

|  | June 30, 2020     | December 31, 2019   |
|--|-------------------|---------------------|
| Amounts receivable                     |                   |                     |
| VAT/GST receivable                     | \$ 136,432        | \$ 417,157          |
| Receivable from joint venture partners | -                 | 584,554             |
| Other receivable                       | 9,298             | 230,967             |
|  | <b>\$ 145,730</b> | <b>\$ 1,232,678</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 mining company in Bulgaria. As at June 30, 2020, the fair value of such equity investment was determined to be \$485,950 (December 31, 2019 - \$370,010), resulting in an increase in fair value of this investment of \$115,940 in the Company's statement of loss.

## MUNDORO CAPITAL INC.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

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#### 7. EQUIPMENT AND VEHICLES

| Cost                                  | Office equipment | Field equipment | Total        |
|---------------------------------------|------------------|-----------------|--------------|
| <b>As at December 31, 2018</b>        | \$ 50,112        | \$ 411,815      | \$ 461,927   |
| Additions                             | -                | 65,908          | 65,908       |
| Disposals                             | -                | (24,874)        | (24,874)     |
| Effect of movements in exchange rates | (1,730)          | (25,099)        | (26,829)     |
| <b>As at December 31, 2019</b>        | \$ 48,382        | \$ 427,750      | \$ 476,132   |
| Additions                             | -                | 12,691          | 12,691       |
| Effect of movements in exchange rates | 1,244            | 21,321          | 22,565       |
| <b>As at June 30, 2020</b>            | \$ 49,626        | \$ 461,762      | \$ 511,388   |
| <b>Accumulated depreciation</b>       |                  |                 |              |
| <b>As at December 31, 2018</b>        | \$ (31,890)      | \$ (190,228)    | \$ (222,118) |
| Depreciation for the year             | (6,762)          | (53,877)        | (60,639)     |
| Disposal                              | -                | 19,359          | 19,359       |
| Effect of movements in exchange rates | 780              | 11,961          | 12,741       |
| <b>As at December 31, 2019</b>        | \$ (37,872)      | \$ (212,785)    | \$ (250,657) |
| Depreciation for the period           | (3,394)          | (27,850)        | (31,244)     |
| Effect of movements in exchange rates | (817)            | (11,099)        | (11,916)     |
| <b>As at June 30, 2020</b>            | \$ (42,083)      | \$ (251,734)    | \$ (293,817) |
| <b>Net book amount</b>                |                  |                 |              |
| As at December 31, 2019               | \$ 10,510        | \$ 214,965      | \$ 225,475   |
| <b>As at June 30, 2020</b>            | \$ 7,543         | \$ 210,028      | \$ 217,571   |

#### 8. MINERAL INTERESTS

|  | European projects | Mexico projects | Total      |
|--|-------------------|-----------------|------------|
| <b>Balance as at December 31, 2018</b> | \$ 480,009        | \$ 5,954        | \$ 485,963 |
| Acquisition costs                      | 4,227             | -               | 4,227      |
| Write-down                             | (2,451)           | -               | (2,451)    |
| Effect of movements in exchange rates  | (34,206)          | (206)           | (34,412)   |
| <b>Balance at December 31, 2019</b>    | \$ 447,579        | \$ 5,748        | \$ 453,327 |
| Acquisition costs                      | 187               | -               | 187        |
| Effect of movements in exchange rates  | 21,663            | (879)           | 20,784     |
| <b>Balance at June 30, 2020</b>        | \$ 469,429        | \$ 4,869        | \$ 474,298 |

#### Serbian Properties

The Company holds, through its Serbian subsidiaries, 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. As of June 30, 2020, such holding costs amounted to \$66,039 (2019 - \$26,394).



## MUNDORO CAPITAL INC.

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### 8. MINERAL INTERESTS (continued)

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") located within the Timok Magmatic Complex in northeastern Serbia. JOGMEC had the option to earn a 51% interest in the Timok North Projects by making US\$4 million in expenditures within three years (by March 2019) ("Stage One Earn-in"). In March 2019, JOGMEC concluded Stage One having funded US\$5.1 million in total exploration expenditures and earned 51% interest. 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 JOGMEC Agreement (March 2024) ("Stage Two Earn-in"). On May 1, 2019 JOGMEC notified the Company of its decision to undertake the Stage Two Earn-In on the Borsko Jezero license. 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 has been the operator of the Timok North Projects since the Agreement commenced. A management committee has been formed and is comprised of two representatives from each of Mundoro and JOGMEC. During the quarter, Mundoro exercised the option to acquire a 2% interest in the joint venture from JOGMEC (increasing Mundoro's interest to 51%) for a nominal consideration and maintained its role as the operator.

In Q3 2018, the Company announced it had entered into an earn-in agreement (the "Earn-in Agreement") with Freeport-McMoran Exploration Corporation ("Freeport"), in which the Company had granted to Freeport over two phases ("Phase One and Phase Two"), an option to earn up to a 75% interest in its Savinac and Bacevica exploration licenses (the "Freeport-Mundoro JV Project") by sole funding expenditures of up to US\$45 million. During the quarter, Freeport informed Mundoro that it is restructuring its exploration programs and reducing its exploration budgets globally in response to various macro factors affecting Freeport. As a result, Freeport sent notice terminating the earn-in Agreement which resulted in the entire project areas reverting 100% to Mundoro for no consideration.

In Q4 2019, the Company announced it had entered into an earn-in agreement (the "Earn-in Agreement") with Vale Canada Limited ("Vale"), in which Mundoro granted to Vale over two phases ("Phase One and Phase Two") an option to earn up to a 75% interest in four of its exploration licenses: Sumrakovac, Osnic, Dubrava and Padina (the "Vale-Mundoro Projects") by sole funding expenditures of up to US\$50 million. The Vale-Mundoro Projects are located within the Timok Magmatic Complex ("Timok"). Phase One provides Vale the option to earn a 51% in the Vale-Mundoro Projects by sole-funding US\$5 million in expenditures over 3 years. Following Phase One, Vale has the option, exercisable within 60 days, to elect to enter Phase Two, whereupon it can earn an additional 24% interest in the Vale-Mundoro Projects, for a total of 75% interest, by sole-funding an additional US\$45 million in expenditures (the "Phase Two Option") by the fifth anniversary of the election date. 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\$5 million.

Amounts received from third parties earning into a license(s) are netted against the exploration expenditures on the applicable licenses and 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 in the statement of financial position. Operator fees earned as the designated operator of the projects are recognized in the Company's statement of loss.

#### **Bulgarian Properties**

In Q1 2019, Mundoro entered into a Generative Program Agreement (the "Generative Alliance") in the Republic of Bulgaria with Japan Oil, Gas and Metals National Corporation ("JOGMEC"). The purpose of this Generative Alliance is to establish a generative program, whereby Mundoro carried out mineral exploration activities in Bulgaria under the direction of a joint Technical Committee with the view to identifying areas of interests that merit additional exploration and/or development work. Upon JOGMEC determining that one or more properties merit additional exploration and/or development work, JOGMEC has the right to establish a joint venture on that property with Mundoro. JOGMEC sole funded the Generative Alliance.

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#### 8. MINERAL INTERESTS (continued)

##### Mexico Properties

The Company owns 100% interest in the Camargo Project, a porphyry copper-gold deposit located in 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:

|   | Serbia            | Bulgaria          | Other            | Total             |
|---|-------------------|-------------------|------------------|-------------------|
| <b>For the six months ended June 30, 2020</b>   |                   |                   |                  |                   |
| Project Administration <sup>1</sup>             | \$ 88,371         | \$ 65,909         | \$ 8,851         | \$ 163,131        |
| Land holding <sup>2</sup>                       | 66,039            | 2,817             | -                | 68,856            |
| Government and community relations <sup>3</sup> | 27,221            | 13,206            | -                | 40,426            |
| Field related <sup>4</sup>                      | 103,697           | 11,396            | 3,181            | 118,274           |
| Personnel <sup>5</sup>                          | 306,825           | 48,361            | -                | 355,186           |
| Technical services <sup>6</sup>                 | 797,945           | 24,977            | -                | 822,922           |
| Project evaluation <sup>7</sup>                 | 165,400           | 7,954             | -                | 173,355           |
| Total expenditures                              | 1,555,498         | 174,620           | 12,032           | 1,742,150         |
| Less: recoveries                                | (1,164,409)       | (33,408)          | -                | (1,197,817)       |
|   | <b>\$ 391,089</b> | <b>\$ 141,212</b> | <b>\$ 12,032</b> | <b>\$ 544,333</b> |
| <b>For the six months ended June 30, 2019</b>   |                   |                   |                  |                   |
| Project Administration <sup>1</sup>             | \$ 66,057         | \$ 63,415         | \$ -             | \$ 129,472        |
| Land holding <sup>2</sup>                       | 26,394            | 19,156            | -                | 45,550            |
| Government and community relations <sup>3</sup> | 11,763            | 36,638            | -                | 48,401            |
| Field related <sup>4</sup>                      | 116,696           | 14,585            | -                | 131,281           |
| Personnel <sup>5</sup>                          | 367,719           | 153,231           | -                | 520,950           |
| Technical services <sup>6</sup>                 | 935,806           | 34,601            | -                | 970,407           |
| Project evaluation <sup>7</sup>                 | 55,905            | 20,312            | 68,218           | 144,435           |
| Total expenditures                              | 1,580,340         | 341,938           | 68,218           | 1,990,496         |
| Less: recoveries                                | (1,223,896)       | (113,594)         | -                | (1,337,490)       |
|   | <b>\$ 356,444</b> | <b>\$ 228,344</b> | <b>\$ 68,218</b> | <b>\$ 653,006</b> |

<sup>1</sup> Project Administration expenses include administrative, accounting, and legal costs related to the projects.

<sup>2</sup> Land holding costs include property taxes and related costs associated with holding the properties.

<sup>3</sup> Government and community relations relates to the costs of communicating with governing bodies in the local jurisdictions.

<sup>4</sup> Field related expenses include items such as field equipment costs and lodging for field personnel.

<sup>5</sup> Personnel costs for conducting exploration work include consultants and employees, full-time and allocated.

<sup>6</sup> Technical Services expenditures include activities such as geochemical sampling and assaying, geophysical surveys and interpretation, and drilling and assaying.

<sup>7</sup> Project evaluation expenditures capture those costs incurred in analysis of existing mineral projects and evaluating new mineral project opportunities.

## MUNDORO CAPITAL INC.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020

(Unaudited)

(Expressed in Canadian Dollars)

#### 10. ACCOUNTS PAYABLE, ADVANCES AND ACCRUED LIABILITIES

|                     | June 30, 2020 |                | December 31, 2019 |                  |
|---------------------|---------------|----------------|-------------------|------------------|
| Trade payables      | \$            | 236,737        | \$                | 885,541          |
| Accrued liabilities |               | 84,679         |                   | 121,456          |
|                     | \$            | <b>321,416</b> | \$                | <b>1,006,997</b> |

#### 11. SHARE CAPITAL

##### a) Authorized share capital

Unlimited number of common shares without par value.

##### b) Issued share capital

At June 30, 2020, there were 81,400,000 issued and fully paid common shares (December 31, 2019 – 80,664,527).

In December 2019, the Company closed the first tranche of a private placement of 11,340,502 units at a price of \$0.135 per unit for gross proceeds of \$1,530,968. In January 2020, the second tranche of 735,473 units at a price of \$0.135 per unit closed with gross proceeds of \$99,289. 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 24 months. The total proceeds of \$1,630,257 were allocated to common shares based on their fair value on the date of issuance of the units. A total of \$40,474 was paid as a finder's fee to certain qualified registrants equal to 7% of the gross proceeds raised by such finders. Total costs incurred by the Company in connection with the private placement amounted to \$46,025.

##### c) Stock options

The continuity of stock options during the period ended June 30, 2020 and the year ended December 31, 2018 was as follows:

|                 | June 30, 2020      |                                 | December 31, 2019  |                                 |
|-----------------|--------------------|---------------------------------|--------------------|---------------------------------|
|                 | Number outstanding | Weighted average exercise price | Number outstanding | Weighted average exercise price |
| Opening Balance | 6,917,500          | \$ 0.14                         | 4,942,500          | \$ 0.14                         |
| Granted         | 1,545,000          | 0.12                            | 1,975,000          | 0.12                            |
| Expired         | (577,500)          | 0.19                            | -                  | -                               |
| Closing Balance | 7,885,000          | \$ 0.14                         | 6,917,500          | \$ 0.14                         |

## MUNDORO CAPITAL INC.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020

(Unaudited)

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#### 11. SHARE CAPITAL (continued)

The following summarizes information about stock options outstanding and exercisable at June 30, 2020:

| Expiry date      | Options outstanding | Options exercisable | Exercise price (\$) | Weighted average remaining contractual life (in years) |
|------------------|---------------------|---------------------|---------------------|--|
| June 27, 2021    | 1,007,500           | 1,007,500           | 0.13                | 0.99   |
| January 18, 2022 | 938,000             | 938,000             | 0.13                | 1.55   |
| June 13, 2022    | 1,119,500           | 1,029,940           | 0.17                | 1.95   |
| May 23, 2023     | 1,300,000           | 752,932             | 0.11                | 2.90   |
| May 27, 2024     | 1,975,000           | 430,712             | 0.12                | 3.91   |
| June 30, 2025    | 1,545,000           | -                   | 0.12                | 5.00   |
|                  | <b>7,885,000</b>    | <b>4,159,084</b>    | <b>0.13</b>         | <b>3.03</b>  |

#### d) Warrants

The change in warrants during the period ended June 30, 2020 and the year ended December 31, 2019 was as follows:

|                 | June 30, 2020      |                                 | December 31, 2019  |                                 |
|-----------------|--------------------|---------------------------------|--------------------|---------------------------------|
|                 | Number outstanding | Weighted average Exercise price | Number outstanding | Weighted average exercise price |
| Opening balance | 14,272,209         | \$ 0.20                         | 8,601,958          | \$ 0.20                         |
| Issued          | 367,737            | 0.20                            | 5,670,251          | 0.20                            |
| Closing balance | 14,639,946         | \$ 0.20                         | 14,272,209         | \$ 0.20                         |

A summary of the Company's warrants outstanding as at June 30, 2020 is as follows:

| Warrants outstanding | Price per share | Expiry date       |
|----------------------|-----------------|-------------------|
| 4,879,958            | \$ 0.20         | November 29, 2020 |
| 3,722,000            | \$ 0.20         | December 29, 2020 |
| 6,037,988            | \$ 0.20         | December 30, 2021 |
| <b>14,639,946</b>    | <b>\$ 0.20</b>  |                   |

#### 12. RELATED PARTY TRANSACTIONS AND BALANCES

##### a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were \$17,150 as at June 30, 2020 (June 30, 2019 – \$19,600). These amounts are for reimbursement of expenses and service fees.

## MUNDORO CAPITAL INC.

(An exploration stage company)

### Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2020

(Unaudited)

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#### 12. RELATED PARTY TRANSACTIONS AND BALANCES

##### b) Related party transactions

| Expenses by nature:                         | For the three months ended |               | For the six months ended |               |
|---|----------------------------|---------------|--------------------------|---------------|
|   | June 30, 2020              | June 30, 2019 | June 30, 2020            | June 30, 2019 |
| Directors' fees                             | \$ 17,150                  | \$ 19,600     | \$ 33,250                | \$ 34,650     |
| Short-term management salaries and benefits | 101,274                    | 156,135       | 202,549                  | 255,830       |
| Share based payments - Directors            | 16,172                     | 16,500        | 21,530                   | 21,178        |
| Share based payments - Management           | 13,892                     | 18,015        | 19,744                   | 25,280        |
|   | \$ 148,488                 | \$ 210,250    | \$ 277,073               | \$ 336,938    |

#### 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, 2020                |              |           |              |              |
| Non-current                        | \$ 17,453    | \$ 5,075  | \$ 1,173,988 | \$ 1,196,516 |
| Current                            | 1,933,973    | 21,097    | 695,353      | 2,650,423    |
| <b>Total assets</b>                | \$ 1,951,426 | \$ 26,172 | \$ 1,869,341 | \$ 3,846,939 |
| As at December 31, 2019            |              |           |              |              |
| Non-current                        | \$ 18,187    | \$ 5,747  | \$ 1,069,874 | \$ 1,093,808 |
| Current                            | 3,376,367    | 23,870    | 692,420      | 4,092,657    |
| <b>Total assets</b>                | \$ 3,394,554 | \$ 29,617 | \$ 1,762,294 | \$ 5,186,465 |
| <b>Net loss (income):</b>          |              |           |              |              |
| For the period ended June 30, 2020 | \$ 298,042   | \$ -      | \$ 125,670   | \$ 423,712   |
| For the period ended June 30, 2019 | \$ 1,153,740 | \$ -      | \$ 233,837   | \$ 1,387,577 |

#### 14. SUBSEQUENT EVENTS

On March 11, 2020, The World Health Organization (WHO) declared COVID-19 a global pandemic. The resulting impacts on global commerce are substantial with significant declines in the stock market and worldwide metal prices having already ensued. The impact of COVID-19 is uncertain, current circumstances are dynamic and the impact of the pandemic on our business operations, including the duration and effect on our future exploration and access to various levels of government cannot be reasonably estimated at this time. This may have an adverse influence on the Company's budgeted exploration work, financial position, results of operations and cash flows in future periods.