



MUNDORO

Consolidated Financial Statements

December 31, 2019

Expressed in Canadian Dollars



Independent auditor's report

To the Shareholders of Mundoro Capital Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mundoro Capital Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from



error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Platt.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 29, 2020

MUNDORO CAPITAL INC.*(An exploration stage company)***Consolidated Statements of Financial Position****(Expressed in Canadian Dollars)**

<i>As at</i>	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,744,516	\$ 4,508,894
Amounts receivable (note 5)	1,232,678	474,478
Deposits	26,186	20,005
Prepaid expenses	89,277	56,008
	4,092,657	5,059,385
Non-current assets		
Restricted cash (note 4)	44,996	85,421
Investments (note 6)	370,010	195,806
Equipment and vehicles (note 7)	225,475	239,809
Mineral interests (note 8)	453,327	485,963
	1,093,808	1,006,999
TOTAL ASSETS	\$ 5,186,465	\$ 6,066,384
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 10 & 12)	\$ 1,006,997	\$ 1,370,516
Advances from joint venture partners	216,104	495,042
TOTAL LIABILITIES	1,223,101	1,865,558
EQUITY		
Share capital (note 11)	50,288,125	48,794,833
Contributed surplus	9,000,153	9,000,153
Stock options reserve	1,090,160	950,300
Accumulated other comprehensive income	61,321	6,688
Deficit	(56,476,395)	(54,551,148)
TOTAL EQUITY	3,963,364	4,200,826
TOTAL EQUITY AND LIABILITIES	\$ 5,186,465	\$ 6,066,384

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

These consolidated financial statements are authorized for issue by the Board of Directors on April 29, 2019.

The consolidated financial statements 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 year ended	
	December 31, 2019	December 31, 2018
Exploration and project evaluation (note 9)	\$ 4,934,083	\$ 4,222,393
Less: recoveries	(3,764,037)	(3,123,735)
	1,170,046	1,098,658
EXPENSES		
Corporate governance	260,428	275,089
General and administrative	98,057	71,625
Accounting and audit	214,456	167,747
Corporate communication	228,155	327,891
Operator fees earned	(378,653)	(283,560)
	422,443	558,792
OTHER (INCOME) EXPENSES		
Interest income	(30,117)	(30,523)
Share-based payments	139,860	119,853
Depreciation (note 7)	60,639	53,612
Foreign exchange (gain) loss	334,752	(281,351)
Gain on disposal of fixed assets	(624)	-
Write-down of mineral properties (note 8)	2,451	-
Change in fair value of investments (note 6)	(174,204)	85,047
	332,757	(53,362)
NET LOSS FOR THE YEAR	\$ 1,925,246	\$ 1,604,088
OTHER COMPREHENSIVE (INCOME) LOSS WHICH MAY BE RE-CLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Foreign currency translation differences for foreign operations	(54,633)	51,105
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	\$ 1,870,613	\$ 1,655,193
BASIC AND DILUTED LOSS PER SHARE	\$ (0.03)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	80,664,527	69,324,025

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

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

	Share capital		Reserves			Accum. Other Comprehensive Income	Deficit	Total
	Number of shares	Amount	Contributed Surplus	Stock options reserve				
Balance at December 31, 2017	69,324,025	\$ 48,795,115	\$ 9,000,153	\$ 830,447	\$ 57,793	\$ (52,947,060)	\$ 5,736,448	
Share issue costs	-	(282)	-	-	-	-	(282)	
Share-based payments (Note 12 (c))	-	-	-	119,853	-	-	119,853	
Net comprehensive loss for the year	-	-	-	-	(51,105)	(1,604,088)	(1,655,193)	
Balance at December 31, 2018	69,324,025	\$ 48,794,833	\$ 9,000,153	\$ 950,300	\$ 6,688	\$ (54,551,148)	\$ 4,200,826	
Balance at December 31, 2018	69,324,025	\$ 48,794,833	\$ 9,000,153	\$ 950,300	\$ 6,688	\$ (54,551,148)	\$ 4,200,826	
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)	
Balance at December 31, 2019	80,664,527	\$ 50,288,125	\$ 9,000,153	\$ 1,090,160	\$ 61,321	\$ (56,476,395)	\$ 3,963,364	

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

MUNDORO CAPITAL INC.*(An exploration stage company)***Consolidated Statements of Cash Flows****(Expressed in Canadian Dollars)**

	For the year ended	
	December 31, 2019	December 31, 2018
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (1,925,246)	\$ (1,604,088)
Adjustments for items not affecting cash:		
Depreciation	60,639	53,612
Share-based payments	139,860	119,853
Change in fair value of investments	(174,204)	85,047
(Gain) on disposal of fixed assets	(624)	-
Write-down of mineral properties	2,451	-
Foreign exchange (gain) loss	176,292	(293,226)
	(1,720,832)	(1,638,802)
Amounts receivable	(623,211)	325,759
Prepaid expenses	(33,890)	62,691
Deposits	(7,594)	105
Accounts payable and accrued liabilities	(300,202)	638,308
Advances from joint venture partners	(278,938)	495,042
Net cash used in operating activities	(2,964,667)	(116,897)
FINANCING ACTIVITIES		
Funds transferred from escrow, net of costs	-	999,663
Issuance of common shares for cash, net of share issue costs	1,289,362	-
Net cash flows from financing activities	1,289,362	999,663
INVESTING ACTIVITIES		
Expenditures on resource properties	(4,227)	(410)
Purchase of equipment	(65,908)	(101,134)
Restricted cash	24,147	(24,980)
Net cash flows used in investing activities	(45,988)	(126,524)
Effects of exchange rate changes on cash and cash equivalents	(43,085)	230,246
Net increase (decrease) in cash and cash equivalents	(1,764,378)	986,488
Cash and cash equivalents, beginning of year	4,508,894	3,522,406
Cash and cash equivalents, end of year	\$ 2,744,516	\$ 4,508,894

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

MUNDORO CAPITAL INC.

(An exploration stage company)

Notes to the Consolidated Financial Statements

December 31, 2019

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Mundoro Capital Inc. (the "Company" or "MCI" or "Mundoro") is an exploration and development 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 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 consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

b) Basis of preparation

These 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) 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 six exploration licenses;
- Bulgaria Alpha EAD, which holds two exploration licenses in Bulgaria;
- Nova Planina Resources d.o.o., located in Serbia, which holds two exploration licenses;
- New Mountain Ventures Ltd., a UK holding company;
- Mundoro de Mexico S.A. de C.V., which holds one mineral concession located in Mexico;
- Mundoro European Holdings Corp., a Canadian holding company;
- Great Mountain Ventures Ltd., a Canadian holding company;
- Mundoro Exploratie Cooperatie U.A., a Netherlands holding company; and
- Mundoro Middelen BV, a Netherlands holding company

Intercompany balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

d) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars. 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 entities, Mexican entity, Bulgarian entity, Serbian entity and Dutch entities are the Canadian dollar (CAD\$), Mexican peso (MXN), Bulgarian Lev (BGN), Serbian dinar (RSD) and Euro (EUR), 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

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of loss and comprehensive loss in the period in which they arise.

Presentation Currency:

The presentation currency of the Company is the Canadian dollar.

The financial results and financial 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 of changes in equity. These differences are recognized in the statement of loss during the period in which the operation is disposed of.

e) Equipment and vehicles

Equipment and vehicles are initially recognized at cost. All items of equipment and vehicles are subsequently carried at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided on all items of equipment and vehicles to write off the carrying value of items over their expected useful economic lives. Depreciation is provided at the following annual rates:

Computers	30% declining balance
Furniture and fixtures	20% declining balance
Office equipment	20% declining balance
Field equipment	30% declining balance
Vehicles	30% declining balance

Residual value estimates and estimates of useful life are updated as required, but at least annually.

f) Mineral interests

Exploration Assets

Exploration assets include the acquisition of mineral rights for mineral properties held by the Company. The fair value of consideration paid for mineral rights is capitalized. The amounts shown for exploration assets represent costs of acquisition incurred to date, less recoveries, and do not necessarily reflect present or future values. These costs will be amortized against future production or written off if the exploration assets are abandoned or sold.

Exploration and Project Evaluation Costs

Exploration and project evaluation costs, other than acquisition costs, are expensed as incurred until such time as proven and probable reserves are established. Following confirmation of mineral reserves on a project, the project is considered to have demonstrated technical feasibility and commercial viability and the related exploration and evaluation expenditures are capitalized as deferred development assets, after first being tested for impairment.

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(An exploration stage company)

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

g) *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any impairment indicators exist, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in net loss for the relevant period.

h) *Share-based payments*

The Company's share option plan allows directors, officers, employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity.

The fair value of a share-based award is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

i) *Financial instruments*

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes a party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets and financial liabilities at initial recognition.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

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(An exploration stage company)

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

i) *Financial instruments (continued)*

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

The Company's equity instruments are designated as FVTPL and have been initially recognized at fair value. Subsequently they are measured at fair value, with both realized and unrealized gains and losses recognized in the profit and loss in the period in which they arise.

j) *Taxation*

Tax expense comprises the sum of deferred tax and current tax not recognized directly in equity.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization or settlement, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right to set off current tax assets and liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax recovery or expense in comprehensive loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

k) *Cash, cash equivalents and short-term investments*

Cash and cash equivalents comprise cash on hand and deposits held on call with banks. Short term investments are highly liquid investments that are readily convertible into cash and which are subject to insignificant risk of changes in value.

l) *Management judgements and key sources of estimation uncertainty*

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make 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.

The following discusses the most significant accounting judgement that the Company has made in the preparation of the financial statements that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities:

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2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Impairment

The application of the Company's accounting policy for impairment of non-financial assets requires judgment to determine whether indicators of impairment exist including factors such as: the period for which the Company has the right to explore; expected renewals of exploration rights; whether substantive expenditures or further exploration and project evaluation of resource properties are budgeted, and results of exploration and project evaluation activities on the exploration assets.

For the years ended December 31, 2019 and December 31, 2018, the Company conducted its analysis and determined that there were no factors indicating impairment of the capitalized acquisition cost for its mineral interests.

Assessments of fair value

The assessment of fair value is principally used in accounting for business combinations, impairment testing and the valuation of certain financial assets and liabilities.

The fair value of an asset or liability is the price that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is determined based on observable market data including comparable market information of similar companies and adjusting for certain factors such as size, location and liquidity of the financial asset or liability where discounted cash flow models (and other valuation techniques) and assumptions considered to be reasonable and consistent with those that would be applied by a market participant. Where discounted cash flow models based on management's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13 Fair Value Measurement, as they depend to a significant extent on unobservable valuation inputs. The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results.

The Company's investment in Galenit AD, a private Bulgarian mining company has been designated at FVTPL. The valuation approach is discussed in note 15.

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

	December 31, 2019	December 31, 2018
Mineral Property Guarantee Deposits – Bulgaria	\$ 44,996	\$ 85,421

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

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5. AMOUNTS RECEIVABLE

	December 31, 2019		December 31, 2018	
Amounts receivable				
VAT/GST receivable	\$	417,157	\$	422,902
Receivable from joint venture partners		584,554		-
Other receivable		230,967		51,576
	\$	1,232,678	\$	474,478

Other receivable includes \$203,930 in subscriptions receivable from the private placement and were fully received in January 2020.

6. INVESTMENTS

On June 10, 2013, the Company, through a 100%-owned subsidiary, acquired at a cost of \$280,853, a 2.9% equity interest in a privately held gold producing company in Bulgaria that operates adjacent to the Company's Zvezda license. As at December 31, 2019, the fair value of such equity investment was determined to be \$370,010 (December 31, 2018 - \$195,806), resulting in a increase in fair value of this investment of \$174,204 in the Company's statement of loss.

7. EQUIPMENT AND VEHICLES

	Office equipment		Field equipment		Total
Cost					
As at December 31, 2017	\$	31,338	\$	314,914	\$ 346,252
Additions		18,009		83,125	101,134
Effect of movements in exchange rates		765		13,776	14,541
As at December 31, 2018	\$	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)
As at December 31, 2019	\$	48,382	\$	427,750	\$ 476,132
Accumulated depreciation					
As at December 31, 2017	\$	(26,400)	\$	(135,418)	\$ (161,818)
Depreciation for the year		(5,108)		(48,504)	(53,612)
Effect of movements in exchange rates		(382)		(6,306)	(6,688)
As at December 31, 2018	\$	(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
As at December 31, 2019	\$	(37,872)	\$	(212,785)	\$ (250,657)
Net book amount					
As at December 31, 2018	\$	18,222	\$	221,587	\$ 239,809
As at December 31, 2019	\$	10,510	\$	214,965	\$ 225,475

MUNDORO CAPITAL INC.

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8. MINERAL INTERESTS

	European projects		Mexico projects		Total
Balance as at December 31, 2017	\$	461,708	\$	5,473	\$ 467,181
Acquisition costs		410		-	410
Effect of movements in exchange rates		17,891		481	18,372
Balance as at December 31, 2018	\$	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)
Balance at December 31, 2019	\$	447,579	\$	5,748	\$ 453,327

Serbian Properties

The Company holds eight 100%-owned exploration licenses which include: (i) Zeleznik (including adjoining licenses Crvena Zemlja, Radjina and Fresenis), (ii) Padina, (iii) Borsko Jezero, (iv) Savinac, (v) Bacevica, (vi) Osnic, (vii) Sumrakovac, and (viii) Dubrava-Ostrelj. These properties are located in Northeastern Serbia east of Belgrade and are held in the name of the Company's Serbian subsidiaries. To maintain title to the exploration licenses in Serbia, the Company has ongoing annual exploration expenditure commitments and is obligated to pay annual property taxes and other related costs associated with holding the properties. For the year ended December 31, 2019, property taxes amounted to \$39,527 (2018 - \$73,484).

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 has 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"). As at December 31, 2018, JOGMEC had funded US\$4.6 million in exploration expenditures on the Timok North Projects. In March 2019, JOGMEC concluded Stage One having funded US\$5.1 million in total exploration expenditures. 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. 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. 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. As of December 31, 2019, JOGMEC had spent US\$ 692,614 on the Stage Two earn-in.

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 has 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. Phase One provides Freeport the option to earn a 51% interest in the Freeport-Mundoro JV Project by sole-funding US\$5 million in expenditures by the third anniversary of the Earn-in Agreement. Following Phase One, Freeport has the option, exercisable within 60 days, to elect to enter Phase Two, whereupon it can earn an additional 24% interest in the Freeport-Mundoro JV Project, for a total of 75% interest, by sole-funding an additional US\$40 million in expenditures by the fifth anniversary of the election date. As of December 31, 2019, US\$2.4 million has been spent by Freeport in Phase One.

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 has granted to Vale over two phases ("Phase One and Phase Two") an option to earn up to a 75%

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8. MINERAL INTERESTS (continued)

interest in four of its exploration licenses: Sumrakovac, Osnic, Dubrava and Padina (the “**Vale-Mundoro Projects**”) by sole funding expenditures of up to US\$45 million. The Vale-Mundoro Projects are located within the Timok Magmatic Complex (“Timok”) in Serbia. 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\$40 million in expenditures (the “Phase Two Option”) by the fifth anniversary of the election date. As of December 31, 2019, USD\$15,411 has been spent by Vale in Phase One.

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 on the statement of financial position. Operator fees earned for being the designated operator of the projects are recognized in the Company’s statement of loss.

Bulgarian Properties

The Company holds two 100%-owned exploration licenses: (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 year ended December 31, 2019, such holding costs amounted to \$18,914 (2018 - \$51,124)

In Q2 2018, Mundoro entered into an option agreement (the “Saje Option Agreement”) with an arm’s length third party private company (“the Private Company”) to which it granted an option on the Saje project. The Saje project is a Lead-Zinc project, located within the Zvezda license area. In November 2018, the Private Company informed Mundoro it will not be entering into an agreement in respect of the Saje Project.

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 between Mundoro and JOGMEC, whereby Mundoro will carry 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 is sole funding the Generative Alliance. As of December 31, 2019, USD\$202,519 has been spent by JOGMEC on the Generative Alliance.

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.

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9. EXPLORATION AND PROJECT EVALUATION

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

	Serbia	Bulgaria	Mexico	Other	Total
For the year ended December 31, 2019					
Corporate ¹	\$ 149,533	\$ 130,512	\$ 333	\$ -	\$ 280,378
Land holding ²	39,527	18,914	-	-	58,441
Government and community relations ³	79,335	100,039	-	-	179,374
Field related ⁴	305,839	43,522	-	-	349,361
Personnel ⁵	688,240	283,647	-	-	971,887
Technical services ⁶	2,521,557	50,028	-	-	2,571,585
Project evaluation ⁷	292,154	86,327	-	144,576	523,057
Total expenditures	4,076,185	712,989	333	144,576	4,934,083
Less: recoveries	(3,493,584)	(270,453)	-	-	(3,764,037)
	\$ 582,601	\$ 442,536	\$ 333	\$ 144,576	\$ 1,170,046

	Serbia	Bulgaria	Mexico	Other	Total
For the year ended December 31, 2018					
Corporate ¹	\$ 280,190	\$ 122,408	\$ 13,713	\$ 2,346	\$ 418,657
Land holding ²	73,484	51,124	-	-	124,608
Government and community relations ³	24,764	64,556	-	-	89,320
Field related ⁴	234,149	48,596	-	-	282,745
Personnel ⁵	661,151	345,248	-	-	1,006,399
Technical services ⁶	1,845,120	283,826	-	-	2,128,946
Project evaluation ⁷	88,731	30,500	-	52,487	171,718
Total expenditures	3,207,589	946,258	13,713	54,833	4,222,393
Less: recoveries	(2,712,284)	(411,451)	-	-	(3,123,735)
	\$ 495,304	\$ 534,807	\$ 13,713	\$ 54,833	\$ 1,098,658

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

	December 31, 2019	December 31, 2018
Trade payables	\$ 885,541	\$ 1,260,544
Accrued liabilities	121,456	109,972
	\$ 1,006,997	\$ 1,370,516

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11. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At December 31, 2019, there were 80,664,527 issued and fully paid common shares (December 31, 2018 – 69,324,025).

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. 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 proceeds of \$1,530,968 were allocated to common shares based on their fair value on the date of issuance of the units. A total of \$35,000 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 \$37,676.

There were no common shares issued in 2018.

c) Stock options

The continuity of stock options during the year ended December 31, 2019 and the year ended December 31, 2018 was as follows:

	December 31, 2019		December 31, 2018	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Opening Balance	4,942,500	\$ 0.14	4,332,500	\$ 0.18
Granted	1,975,000	0.12	1,300,000	0.11
Expired	-	-	(690,000)	0.30
Closing Balance	6,917,500	\$ 0.14	4,942,500	\$ 0.14

The following summarizes information about stock options outstanding and exercisable at December 31, 2019:

Expiry date	Options outstanding	Options exercisable	Exercise price (\$)	Weighted average remaining contractual life (in years)
January 13, 2020	452,500	452,500	0.21	1.04
June 27, 2021	1,107,500	1,107,500	0.13	2.49
January 18, 2022	938,000	938,000	0.13	3.05
June 13, 2022	1,144,500	1,119,500	0.17	3.45
May 23, 2023	1,300,000	866,666	0.11	4.39
May 27, 2024	1,975,000	658,333	0.12	4.41
	6,917,500	5,142,499	0.13	2.82

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11. SHARE CAPITAL (continued)

c) Stock options (continued)

On May 27, 2019 the Company granted stock options to directors, officers, employees and contractors to purchase up to 1,975,000 common shares of the Company at an exercise price of \$0.12 per share, over a five-year term.

These incentive stock options are subject to vesting such that 1/3rd vest at the time of the grant, 1/3rd vest after 12 months from the date of the grant and remaining 1/3rd vest after 24 months from the date of the grant.

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

These incentive stock options are subject to vesting such that 1/3rd vest at the time of the grant, 1/3rd vest after 12 months from the date of the grant and remaining 1/3rd vest after 24 months from the date of the grant.

The estimated fair value of the stock options granted during the year ended December 31, 2019 and the year ended December 31, 2018, was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	December 31, 2019	December 31, 2018
Risk-free interest rate	1.68%	2.21%
Expected annual volatility	107.19%	106.75%
Expected life (in years)	5.00	4.00
Expected dividend yield	0.00%	0.00%
Grant date fair value per option	\$0.09	\$0.09

d) Warrants

The change in warrants during the year ended December 31, 2019 and the year ended December 31, 2018 was as follows:

	December 31, 2019		December 31, 2018	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Opening balance	8,601,958	\$ 0.20	12,768,625	\$ 0.20
Issued	5,670,251	0.20	-	-
Expired	-	-	(4,166,667)	0.20
Closing balance	14,272,209	\$ 0.20	8,601,958	\$ 0.20

A summary of the Company's warrants outstanding as at December 31, 2019 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
5,670,251	\$ 0.20	December 30, 2021
14,272,209	\$ 0.20	

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12. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were \$20,682 as at December 31, 2019 (December 31, 2018 – \$49,453). These amounts are for reimbursement of expenses and service fees.

b) Related party transactions

Expenses by nature:	For the year ended	
	December 31, 2019	December 31, 2018
Directors' fees	\$ 69,300	\$ 61,926
Short-term management salaries and benefits	454,059	312,922
Share based payments – Directors	31,996	30,076
Share based payments - Management	37,112	44,909
	<u>\$ 592,467</u>	<u>\$ 449,833</u>

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				
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
Total assets	<u>\$ 3,394,554</u>	<u>\$ 29,617</u>	<u>\$ 1,762,294</u>	<u>\$ 5,186,465</u>
As at December 31, 2018				
Non-current	\$ 20,284	\$ 5,954	\$ 980,761	\$ 1,006,999
Current	3,558,004	23,083	1,478,298	5,059,385
Total assets	<u>\$ 3,578,288</u>	<u>\$ 29,037</u>	<u>\$ 2,459,059</u>	<u>\$ 6,066,384</u>
Net loss:				
For the year ended December 31, 2019	\$ 1,844,408	\$ 333	\$ 80,505	\$ 1,925,246
For the year ended December 31, 2018	<u>\$ 1,492,605</u>	<u>\$ 13,713</u>	<u>\$ 97,770</u>	<u>\$ 1,604,088</u>

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 and cash and cash equivalents.

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14. CAPITAL MANAGEMENT (continued)

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

The Company's financial instruments as at December 31, 2019 consist of cash and cash equivalents, receivables, investments, and accounts payable. Cash and cash equivalents, receivables and accounts payable are classified as amortized cost. Investments are designated as FVTPL.

Fair Value of Financial Instruments

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

The Company's equity investments are measured at fair value using Level 3 inputs and have been estimated using comparable underground gold mining companies public information on mineral resources and market valuation and then adjusting for certain factors such as size, location and liquidity of investment.

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. Other receivable consists primarily of amounts receivable from the Company's joint venture optionees as part of their earn-ins in the Company's exploration projects in Serbia.

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. Optionees of the Company's projects are major multi-national companies and the credit risk related to receivable amounts under the option agreements is considered 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.

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15. FINANCIAL INSTRUMENTS (continued)

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 and cash equivalents 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 at December 31, 2019 in the amount of \$2,744,516, in order to meet short-term business requirements. At December 31, 2019 the Company had \$1,232,678 in accounts receivable that were received during the first quarter of 2020 and accounts payable and accrued liabilities of \$1,006,997, 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 equivalents 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 December 31, 2019. As at December 31, 2019, the Company holds \$911,727 in interest bearing cash deposits. Based on this net exposure as at December 31, 2019, and assuming that all other variables remain constant, a 10% change in the interest rate the Company is currently receiving would result in an increase or decrease of approximately \$800 in the Company's net loss.

Currency risk

The Company operates in Canada, Mexico, Serbia, Bulgaria and the Netherlands, and its expenses are incurred in CAD\$, US\$, MXN, EUR, BGN and RSD. The Company is affected by currency transaction risk, which may affect the Company's operating results as exchange rates fluctuate. Based on this exposure, as at December 31, 2019 a 5% change in exchange rates could give rise to a change in the net loss by approximately \$60,000 which is primarily due to the Company's USD cash balance of \$966,000 at year end. The Company has not hedged its exposure to currency risk.

The Company maintains its funds primarily in Canadian dollars and purchases foreign currencies to meet current operating needs.

16. INCOME TAXES

a) Income tax expense

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% (2018 – 27.0%) as follows:

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16. INCOME TAXES (continued)

a) Income tax expense (continued)

	2019	2018
Expected tax recovery	\$ (519,817)	\$ (433,104)
Share based compensation and other differences	(9,273)	55,323
Foreign exchange rate and tax rate differences	11,663	13,765
Tax losses expired during the year	-	-
Tax assets which have not been recognized	517,426	364,016
Income tax expense	\$ -	\$ -

b) Deferred income tax assets

As at December 31, 2019, no deferred tax assets are recognized on temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets.

As at December 31, 2019, the unrecognized amount of deferred tax asset arising from the deductible temporary differences are as follows:

	December 31, 2019	December 31, 2018
Tax loss carry forwards and resources pools	\$ 5,117,000	\$ 4,812,000
Other	183,000	172,000
	\$ 5,300,000	\$ 4,984,000

The Company has tax losses in Canada of approximately \$15,069,000 expiring in various amounts from 2028 to 2039. The Company also has tax losses in Mexico of approximately \$2,428,000 expiring from 2021 to 2029, tax losses in Serbia of approximately \$2,197,000 expiring in 2020 to 2023, and tax losses in Bulgaria of approximately \$1,739,000 expiring from 2020 to 2024.

17. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the World Health Organization declared a global pandemic attributed to the COVID-19 virus. The resulting impacts on global commerce are expected to be vast with significant declines in worldwide stock markets and metal prices. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impact of the pandemic on our business operations, including the duration and effect on our future exploration 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.

Subsequent to December 31, 2019, the Company closed the second tranche of the private placement of 735,473 units at a price of \$0.135 per unit for 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. A total of \$5,674 was paid as a finder's fee to certain qualified registrants equal to 7% of the gross proceeds raised by such finders.

Subsequent to December 31, 2019, Freeport informed Mundoro that it is restructuring its exploration programs and reducing its exploration budgets globally in response to various macro factors affecting Freeport. On April 28, 2020 Freeport issued notice terminating the earn-in agreement. This results in the entire project areas reverting 100% to Mundoro for no consideration. Mundoro has signed Confidentiality Agreements with third parties to review a data-room for the two project areas. These third-party reviews are ongoing for the purpose of adding a new earn-in partner to the projects.