MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2018
Expressed in Canadian Dollars

1. INTRODUCTION

Mundoro Capital Inc. ("Company", "MCI", and "Mundoro") is a Canadian based mineral acquisition, exploration and development company (see discussion under "Summary of Activities"). The Company's common stock is quoted on the TSX Venture Exchange ("TSXV") under the symbol MUN.

This management discussion and analysis ("MD&A") should be read in conjunction with the Company's consolidated financial statements and supporting notes for the period ended June 30, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

This document has been reviewed by the Audit Committee of the Board of Directors of the Company and has been approved by the Board of Directors on August 23, 2018. All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relating to Mundoro is available on our website at www.mundoro.com and on the Canadian Securities Administrator's website at www.sedar.com.

2. FORWARD LOOKING STATEMENTS

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A and in particular the "Outlook" section, contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of August 23, 2018.
- Readers are cautioned not to place undue reliance on these forward-looking statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

The material assumptions that were applied in making the forward looking statements in this MD&A include: expectations as to the Company's future strategy and business plan; and execution of the Company's existing plans, which may change due to changes in the views of the Company or if new information arises which makes it prudent to change such plans.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

3. SUMMARY OF ACTIVITIES

Overview and Outlook

Mundoro is a Canadian mineral exploration and development TSX Venture listed company focused on building value for its shareholders through directly investing in mineral projects that have the ability to generate future returns for shareholders. Mundoro has generated an attractive mineral project pipeline in Serbia and Bulgaria, in order to drive long-term growth and achieve shareholder return. Potential future returns for our shareholders from our invested mineral properties can be in various forms such as discovery of mineral resources, royalties, advance royalty payments from partners, an interest in production, dividend payments or sale of our interest in the mineral property.

Mundoro has established three partnerships for its projects:

- an earn-in agreement with Japan Oil, Gas and Metals National Corporation ("**JOGMEC**") (the "**JOGMEC Agreement**") in which it has granted to JOGMEC an earn-in option on four of Mundoro's Serbian exploration licenses: Dubrava, Padina, Borsko Jezero and Zeleznik located within the northern portion of the Timok Magmatic Complex ("TMC") in northeastern Serbia.
- an earn-in agreement with Freeport-McMoran Exploration Corporation ("**Freeport**"), in which Mundoro has granted to Freeport an earn-in option on Savinac and Bacevica exploration licenses located within the southern portion of the TMC in northeastern Serbia.
- an option agreement with a private mining company on Mundoro's Saje Project located within the Zvezda license in southeastern Bulgaria.

These three partnerships reinforce the prospectivity and strategic location of Mundoro's land packages. In 2015, Mundoro had optioned the Company's four South Timok Licenses to First Quantum for a period of 6 months.

In Serbia, Mundoro methodically staked a district-scale land position in the prolific Timok mining camp which hosts significant Gold-Copper deposits. The Serbian exploration properties are all located near the town of Bor, a thriving mining community which services the current government owned and operated mining operations, both open pit and underground, as well as a smelting and processing facility. The area has good infrastructure, well serviced roads and grid power.

In Bulgaria, Mundoro proactively staked a 400 sq.km land position in an under explored region of the Rhodopes known for precious metal deposits. Mundoro has generated drill targets on this land package for further exploration. Mundoro also has a minority investment in a private gold mining company.

Serbia Exploration Activity

The Company's mineral exploration license areas in the Republic of Serbia ("**Serbia**") total 598 square kilometers (sq.km) and are located in Northeastern Serbia, approximately 100 km east of Belgrade, the capital of the country. The mineral exploration licenses are within the well-known Timok Magmatic Complex, a segment of the Tethyan Metallogenic Belt which runs from Eastern Europe to Asia. The TMC hosts significant gold (Au) – copper (Cu) porphyry deposits (Bor, Majdanpek, Veliki Kreveli, etc.) and related Cu-Au epithermal deposits (Chukaru Peki, Chelopech, etc.). The mineral exploration licenses are held through the Company's 100%-owned Serbian subsidiaries, and are: (i) Zeleznik (including adjoining licenses Crvena Zemlja, Radjina and Fresenis), (ii) Padina, (iii) Borsko Jezero ("Borkso"), (iv) Savinac, (v) Bacevica, (vi) Osnic, (vii) Sumrakovac, (viii) Dubrava-Ostrelj ("Dubrava").

North Timok Licenses under JOGMEC Agreement

Zeleznik license (including adjoining licenses Crvena Zemlja, Fresenis and Radjina)

- Zeleznik is a 55.5 sq.km area located directly north of the Majdanpek mine and 45 km northwest of the Bor Mine Complex.

- To date, the systematic exploration program at Zeleznik has identified four main target areas: West Zone, East Zone, Central Zone and North Zone. The Central Zone and North Zone have yet to be drill tested. To further assist with the exploration of the project as a whole, a ground magnetic survey over the entire license area was completed in February 2018. The survey was designed to cover the project at 100-meter line spacing, totaling 510 line/km.
- A soil sampling infill program was initiated over the entire license area to complete the geochemical analysis. The survey grid spacing was 200 m x 200 m and produced a total of 760 samples (including duplicates, standards and blanks). Assays were received and several potential target areas were identified for follow up.
- The Company established further drill plans for Zeleznik East and West Zone in Q2-2018. The Company believes both targets merit follow-up drilling across the entire system.
- As a part of JOGMEC funded exploration work program for 2018 at the North Target, a trench program was designed in order to gather sufficient geological information for the gold mineralization identified in the area. Three trenches totaling 940m were designed across the gold-in-soil anomaly. The permitting is in progress and expected time for completing trenches is Q3-2018.
- The Company is working on completing a NI 43-101 report for Zeleznik East Zone.

Dubrava license
- Dubrava totals 51 sq.km wrapping around the eastern side of the Bor Mine Complex and the Veliki Krivelj open pit mining operation, in the highly prospective, world-class TMC.
- Interpretation work is being completed from a ground magnetic survey conducted in Q2-2018.

Padina license
- Padina is located 4 km east of the Bor Mine Complex and totals 12 sq.km with the potential to host sediment hosted epithermal Au and Cu-Au porphyry style mineralization.
- Six targets from the Padina license were selected for review to complete a drill program on the high-ranked targets. All six selected targets are pure conceptual targets and are based on recently completed interpretation work from a CSAMT and ground magnetic geophysical surveys, as well as structural interpretation. One of those selected targets was tested with one drill hole for a total of 802.8m of diamond drilling. Assays did not return significant results.

Borsko license
- Borsko Jezero license is a 35 sq.km area located near the central portion of the TMC. Borsko is directly adjacent and to the west of the producing Bor copper porphyry mine which is directly west of the Veliki Krivelj copper-gold porphyry mine.
- Deep IP-Resistivity survey was completed in Q2-2018 over Target 1 and Target 5 areas. The aim of the work was to define the upper contact of strong pyrite mineralization intersected in the 2017 drilling campaign and use this as a possible vector to epithermal gold-copper style of mineralisation. A total of 57.6 line/km along 12 lines have been surveyed. In addition to this, a gravity survey and gravity modelling was completed during Q2-2018 in order to assist CSAMT, ground magnetic and IP surveys in defining possible mineralised structures. Total of 777 survey points on 100 m x 100 m spacing grid have been measured. The final report with data interpretation were received and the two main targets, Target 1 and Target 5, were confirmed by IP chargeability high anomalies.
- A drill program of approximately 5,000 m will be carried out over various targets during the second half of 2018 after reviewing all geophysics data. This program aims to test:
    - *Target 1*: lateral extension of the alteration shell and mineralisation intersected in drill hole 174-BJ-11 (15m @ 1.04 g/t Au and 6.9 g/t Ag) further to the east-northeast towards what has now been identified as IP chargeability anomaly;
    - *Target 5*: a new target identified to test a shallower and stronger IP chargeability anomaly coincident with magnetic low anomaly at favorable structural intersection located 1,500 m north-northeast of Target 1; and
    - *Additional targets*: identified by both structural interpretation and geophysical programs using CSAMT, ground magnetics, IP-Resistivity and gravity.

Freeport-Mundoro Joint Venture Projects

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

Phase One:

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

Phase Two:

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

Additional Terms:

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

South Timok Licenses available for Joint Venture

The remaining two southern licenses Sumrakovac and Osnic are available for partnership with third parties. Mundoro has been approached by third parties regarding the opportunity to joint venture these properties. Although there are discussions, the Company cannot provide assurance that a transaction will be concluded as a result of these discussions. The ongoing interest in the Company's exploration properties by third parties validates the exploration potential of these projects. Any work carried out on these licenses was primarily focused on facilitating third party discussions.

Sumrakovac license

- Sumrakovac license is a 106 sq.km area located 5 km southwest of the Bor Mine Complex and is adjacent on the west side to the Freeport-Nevsun Timok JV license.
- A soil sampling program at 200m by 200m sampling grid was completed in Q2-2018 at Zlot East target. Total of 58 samples (including standards, blanks and duplicates) were collected and assays pending.
- Alteration mapping at Skorusa West and Skorusa East targets commenced in Q2-2018 and is currently in progress. There are 882 samples planned for analysis.

Osnic license

- Osnic license totals 76 sq.km and is located directly east of the Savinac and Sumrakovac license.
- No work was carried out at Osnic license during Q2-2018.

Bulgaria Exploration Activity

The Company's mineral exploration contracts in the Republic of Bulgaria ("**Bulgaria**"), which are held through its 100%-owned subsidiary Bulgaria Alpha EAD, are: (i) Zvezda and, (ii) Byalo. The Zvezda and Byalo licenses are located in the Southeastern Rhodopes region which is a well-known mineral district that has been underexplored for epithermal low sulphidation Au-Ag veins, as well as disseminated, sediment hosted gold and porphyry copper-gold deposits. Key deposits in this area are Chala, Kumovgrad (Ada-tepe), and Rozino. The two exploration contract areas are located over the Borovitsa Volcanic Complex which is host to a currently producing gold mine owned by a private Bulgarian company in which Mundoro owns a 2.9% equity interest.

In **May 2018**, Mundoro entered into an option agreement (the "**Saje Option Agreement**") with an arm's length third party private company ("the **Private Company**") to which it granted an option on the Saje project. The Saje project is a Lead-Zinc project, located within the Zvezda license area. Under the terms of the Agreement, the Private Company has committed to drill a minimum of 1000 meters on the Saje Project ("**Option Period**"). Thereafter, the Private Company will have one month to provide written notice to enter into an agreement with Mundoro in respect of the Saje Project. The Private Company is sole funding all costs during the Option Period. Upon entering into an agreement, the Private Company will pay to Mundoro annual advance royalty payments in January of each calendar year until commercial production. Mundoro will retain a 2% net smelter returns ("**NSR**") royalty on any metals production at the Saje Project. The Saje Project has no carrying value in the Company's balance sheet as at December 31, 2018.

Zvezda license is an 87.2 sq.km area located in southeastern Bulgaria 270 km southeast of Sofia, within the Rhodopean region of the Tethyan metallogenic belt. Zvezda is directly south and contiguous with Mundoro's 100% owned Byalo license. During Q2-2018, the Company mobilized a drill program at the Saje Project that is located within the Zvezda license and is sole-funded by the Private Company. This drill program of 1,000 meters in 3 drill holes aims to test:

- The underground lead-zinc mineralization at the central portion of the Saje historical mine;
- Confirm the lead-zinc grade and the by-product grades for copper and silver in the historically defined mineralized zones; and
- Attain knowledge of the style of mineralization and controls of this hydrothermal system.

Byalo license is a 150 sq.km area located within the Rhodope mountains in southeastern Bulgaria, 250 km southeast of Sofia. Byalo is directly north of, and contiguous with, Mundoro's 100% owned Zvezda license. Several prospects within the license are evaluated, of which the Chuka porphyry copper-gold target was subject to a 1000 m drill program in three inclined diamond drill holes which successfully intersected a porphyry system and copper mineralization (see press release dated January 9, 2017). No work was carried out at Byalo in Q2-2018.

Generative Programs

Svoboda is located in the Panagyurishte Region which is approximately 100 km south-east of Sofia. Svoboda covers 189 sq.km. (18,900 hectares) of the south-eastern portion of the Panagyurishte Metallogenic Zone ("**Panagyurishte**"). The Panagyurishte Belt is the most prospective belt for copper and gold porphyry and epithermal high sulphidation deposits in Bulgaria. It is part of the upper Cretaceous Banat-Timok-Srednogorie Belt which hosts a number of economically viable porphyry and epithermal copper and gold deposits such as the: Moldova Nova, Majdanpek, Bor and Chelopech. Bulgaria Alpha EAD, a 100% owned local subsidiary of Mundoro in Bulgaria, has been announced the winner of the Svoboda tender. Further procedural steps are required before the exploration contract is signed with the government. The Company does not have further information at this time as to the timing for when the contract is expected to be granted. In Q2-2018, work on acquisition, digitizing and analyzing historical data on the license area continued, with several prospective areas highlighted for exploration targeting.

Pesnopoy license covers 35.95 sq.km (3,595 hectares) area located within the Eastern Rhodopean Region part of Tertiary Volcanic Arc in southeastern Bulgaria, 275 km southeast of Sofia. It is adjacent to Mundoro's active licenses, 15 km to the southwest of Zvezda. In 2017, the Company was announced as winner of a tender for the Pesnopoy exploration area. The

Council of Ministers of Republic of Bulgaria approved the Exploration Permit for the license area; The Company is waiting to sign the contract with the government in 2018. Pesnopoy is part of the same mineral district as Zvezda and Byalo licenses - Southeastern Rhodopes, and is historically known to be targeted for epithermal low sulphidation Au-Ag vein-type, as well as disseminated, sediment hosted gold and porphyry Cu-Au deposits. Key target unit in the license is the Rusalsko limestone formation which is believed to be part of the same mineralization suite as Ada Tepe – Rozino - Angel Voivoda – Stremtsi deposits and occurrences. Rusalsko covers an area of alteration of 500 m x 300 m, elongated to the northwest. Central portion of the altered zone is completely silicified and brecciated and reportedly contains up to 1 g/t Au in isolated rock samples.

4. RESULTS OF OPERATIONS

The Company ended Q2-2018 with $4,855,689 in cash and cash equivalents. Mundoro has no long-term debt.

Summary of Quarterly Results

C$ Thousands	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17	Q4/16	Q3/16
Exploration and project evaluation	(838)	(689)	(1,438)	(829)	(997)	(650)	(864)	(806)
Recoveries from partners	498	465	1,290	532	311	547	499	382
Net Exploration and project evaluation	(340)	(224)	(148)	(297)	(686)	(103)	(365)	(424)
Corporate expenses (1)	(234)	(185)	(170)	(202)	(235)	(201)	(203)	(149)
Loss before other (expenses) income	(574)	(409)	(318)	(499)	(921)	(304)	(568)	(573)
Other income (expense) (2)	(149)	4	(114)	(67)	(97)	(64)	1	9
Loss for the period	(723)	(405)	(432)	(566)	(1,018)	(368)	(567)	(545)
Loss per share:								
Basic	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.02)	$(0.01)	$(0.02)	$(0.01)
Diluted	$(0.01)	$(0.01)	$(0.01)	$(0.01)	$(0.02)	$(0.01)	$(0.02)	$(0.01)

1. Corporate Expenses include accounting and audit, corporate governance, corporate communication, and general and administrative expenses.
2. Other income (expense) includes share-based compensation, the impact of foreign exchange fluctuations, and the change in the fair value of the Company's investments.

Fluctuations in exploration and project evaluation costs depend on the Company's activities from period to period. The other principal factors that cause fluctuations in the Company's results relate to non-cash items include: (i) the timing of stock option grants; (ii) the write-down of mineral properties; and (iii) any changes in the fair value of the Company's investments in equity instruments.

Review of Operations for the Six Months Ended June 30, 2018 Compared to the Six Months Ended June 30, 2017

For the six months ended June 30, 2018, the Company recorded a loss of $1,128,633 ($0.02 per share), compared to a net loss of $1,386,275 ($0.03 per share) for the six months ended June 30, 2017.

The Company's exploration activities during the first half of 2018 included drilling programs both in Serbia and Bulgaria. The Company's exploration costs were slightly lower in 2018. The Company's costs related to the Timok North Projects and the Saje Project were sole-funded by its joint venture partners. Total exploration cost recoveries from during the periods ended June 30, 2018 and 2017, amounted to $962,343 and $857,429, respectively.

During the current period, Mundoro incurred lower corporate expenses mainly due to lower corporate governance costs. During the six months ended June 30, 2018 corporate expenses were lower in comparison to the costs incurred during the six months ended June 30, 2017 by approximately $17,000.

Mundoro incurred lower share-based payments expense due to higher number of incentive stock options granted during the period ended June 30, 2017. The Company recognized a foreign exchange gain during the first half of 2018 compared to a loss during the comparative period due to fluctuations primarily related to Mundoro's US dollar denominated cash deposits and also recognized a loss of $119,535 in the first half of 2018 due to a decrease in the fair value of the Company's equity interest in a privately held gold producing company in Bulgaria.

All other costs incurred by the Company remained relatively consistent between the two periods.

Review of Operations for the Quarter Ended June 30, 2018 Compared to the Quarter Ended June 30, 2017

For the quarter ended June 30, 2018, the Company recorded a loss of $723,186 ($0.01 per share), compared to a net loss of $1,017,957 ($0.01 per share) for the quarter ended June 30, 2017.

The Company's exploration activities during the quarter ended June 30, 2018 included drilling programs both in Serbia and Bulgaria. The Company's exploration costs were lower in Q2-2018. The Company's costs related to the Timok North Projects and the Saje Project were sole-funded by its joint venture partners. Total exploration cost recoveries during the three months ended June 30, 2018 and 2017, amounted to $497,765 and $310,853, respectively.

The Company's corporate expenses incurred during the quarter ended June 30, 2018 were lower in comparison to the costs incurred during the quarter ended June 30, 2017 by approximately $900 due to primarily lower corporate governance costs.

Mundoro also recognized a foreign exchange gain during Q2 2018, compared to a loss during Q2 2017 due to fluctuations primarily related to Mundoro's US dollar denominated cash deposits and recognized a loss of $119,535 in the quarter ended June 30, 2018 due to a decrease in the fair value of the Company's equity interest in a privately held gold producing company in Bulgaria.

All other costs incurred by the Company remained relatively consistent between the two quarters.

Liquidity and Capital Resources

The Company's principal source of liquidity as at June 30, 2018 was cash and cash equivalents totaling $4,855,689 (December 31, 2017 – $3,522,406).

During the six months ended June 30, 2018, the Company's cash provided by operating activities amounted to $288,100 compared to cash used in operating activities of $1,520,243 during the six months ended June 30, 2017, with the change primarily attributable to the exploration advances received from the Company's joint venture partners. The Company received $999,663 of funds held in escrow, net of share issuance costs, and purchased equipment of $24,234 during the six months ended June 30, 2018. Except for converting its short-term investments to cash and redeeming certain mineral property guarantee deposits in Bulgaria during the six months ended June 30, 2017, the Company's other investing activities were limited in both periods.

The Company may require further financing over the next twelve months. The Company will explore appropriate financing routes which may include: additional issuance of share capital; funding through additional joint ventures or strategic partnership; project debt; convertible securities; or other financial instruments.

With the exception of interest earned on investments, the Company does not generate any income and relies upon current cash resources and future financings to fund its ongoing business and exploration activities.

As at the date of this MD&A, the Company has 69,324,025 common shares outstanding, 5,470,000 stock options granted at exercise prices ranging from $0.11 to $0.30, expiring between December 2018 and May 2023, and 12,768,625 share purchase warrants outstanding with exercise prices of $0.20 per share; all expiring between September 2018 and

(expressed in Canadian Dollars – except as noted otherwise)

December 2020. As at the date of this MD&A and with market value of the Company's common shares of $0.13 per share, the exercise of all exercisable in-the-money stock options and warrants would result in additional cash proceeds for the Company of approximately $186,000.

5. RELATED PARTY TRANSACTIONS

Under IAS 24 "Related Party Disclosures", related parties include members of the key management personnel of the reporting entity and related party transactions encompasses compensation including short-term employee benefits such as wages, salaries, social security contributions and share-based payments.

Key management personnel include members of the Board of Directors and executive officers of the Company. The Company's directors receive annual retainers for services provided to the board and committees on which they sit, as well as compensation for meeting attendance. Executive officers, directors, employees and consultants of the Company also participate in the Company's share option program. The Company incurred the following expenses related to key management personnel:

Expenses by nature:	For the six months ended	
	June 30, 2018	June 30, 2017
Directors' fees	$ 30,308	$ 36,483
Short-term management salaries and benefits	140,577	126,393
Share based payments - Directors	20,266	28,798
Share based payments - Management	29,658	37,900
	$ 220,809	**$ 229,574**

6. OFF BALANCE SHEET ARRANGEMENTS

There are no off balance sheet arrangements for the Company.

7. USE OF FINANCIAL INSTRUMENTS

The Company is not in a situation where it needs to enter into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. The principal financial instruments affecting the Company's financial condition and results of operations are currently its cash and cash equivalents. The Company is exposed to foreign exchange rate fluctuations in respect of cash and cash equivalents held in foreign currencies.

The Company is exposed to insignificant interest rate risk with respect to its cash and cash equivalents given the extremely low market interest rates. The majority of the Company's cash has been placed with a Canadian Chartered Bank and held in GICs, bankers' acceptances and other money market instruments issued by Canadian Federal and Provincial governments and other entities with a Dominion Bond Rating Service credit rating of R1M or higher.

8. ADOPTION OF NEW ACCOUNTING STANDARDS

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

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39 – Financial Instruments: Recognition and Measurement. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

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

The Company's investments include investments in common shares of private entities. Unlike IAS 39, IFRS 9 does not permit the recognition of such investments at cost. The Company is therefore required to measure these investments at their fair value at each reporting period. Such investments are classified as fair value through profit or loss and any resultant change in the fair value is recorded through the Company's statement of loss.

As at January 1, 2018, the fair value of these investments approximated their capitalized cost on the statement of financial position and therefore the adoption of IFRS 9 did not result in any adjustments to the Company's financial statements. Significant judgements and estimates are involved in determining the fair value of the Company's investments which are described further in Note 6 to the Company's financial statements for the period ended June 30, 2018.

9. DISCLOSURE CONTROLS AND PROCEDURES UPDATE

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by Mundoro is accumulated and communicated to management, as appropriate, to allow for timely decisions regarding required disclosure. The Company has concluded, based on its evaluation as of the end of the year that the disclosure controls and procedures are effective to provide reasonable assurance that material information related to Mundoro, including the consolidated subsidiaries, is made known to them by others within all entities in the group. It should be noted that while the Company believes that the disclosure controls and procedures provide a reasonable level of assurance and that they are effective, it does not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

10. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company is responsible for designing internal controls over financial reporting or causing them to be designed under the supervision of the CEO and CFO in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's CEO and CFO are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis disclosure controls and procedures as well as internal controls over financial reporting as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Although potential weaknesses exist in the Company's internal controls, due to the lack of segregation of incompatible duties, management and the board of directors work to mitigate the risk of a material misstatement in financial reporting. However, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement occurring.

11. RISKS AND UNCERTAINTIES

The Company is a mineral acquisition, exploration, development and investment company and is exposed to a number of risks and uncertainties that are common to other companies in the same business. An investment in the securities of the Company is speculative due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. Risk factors relating to the Company could materially affect the Company's future results and could cause them to differ materially from estimates described in forward-looking statements made by the Company. Prospective investors should carefully consider these risk factors as it is not always possible to fully insure against some or any of the risk factors. Risks to be considered include but are not limited to:

Exploration & Development

Exploration is highly speculative in nature and exploration projects involve many risks that even a combination of careful evaluation, experience and knowledge utilized by the Company may not eliminate. Once a site with mineralisation is discovered, it may take several years from the initial phases of drilling until production is possible. Substantial expenditures are normally required to locate and establish mineral reserves and to permit and construct mining and processing facilities. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations all have an impact on the economic viability of a mineral deposit. The Company has no production of minerals and its properties are all currently at the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties, and substantial additional work will be required in order to determine the presence of any such deposit.

It is impossible to ensure that the current exploration and development programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and receipt of adequate financing. They typically require a number of years and significant expenditures during the development phase before production is possible. The economic feasibility of development projects is based on many factors such as: estimation of reserves; anticipated metallurgical recoveries; environmental considerations and permitting; future gold prices; and anticipated capital and operating costs.

Future development and operations in foreign countries may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to the restrictions on production, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, land claims of local people, mine safety and receipt of necessary permits. The effect of these factors cannot be accurately predicted.

Global Financial Condition

Financial conditions globally continue to experience significant volatility following the U.S. led financial crisis in 2008, which impacted numerous financial institutions globally, and more recently the escalating financial turmoil in Europe. Each has created considerable uncertainty as a result of excessive government debt levels and the unprecedented steps being taken to avert a full blown global crisis. These factors may impact the ability of the Company to issue debt and equity in the future and to issue it on terms that are reasonable to the Company. Although there have been certain signs of economic recovery, these increased levels of volatility and market turmoil may continue and, as a result, the Company's business, financial condition, results of operations and share price could be adversely impacted.

Environmental Laws and Regulations

The Company's operations are subject to extensive environmental, health and safety regulations in the various jurisdictions in which it operates. Mundoro minimizes these risks by complying with all applicable and international environmental, health and safety standards and regulations. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. In addition, certain types of operations require the submission of environmental impact statements and approval by government authorities. Environmental legislation is evolving towards stricter standards, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Any future changes to these laws could adversely affect our financial condition, liquidity or results of operations. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation.

Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. The Company's business may be affected by amendments or changes to environmental laws, regulations and requirements in the host country. At any time, a number of draft environmental laws may be proposed. It is not possible to predict when or if a draft environmental bill will be enacted into law or what the final provisions of such law will be, if enacted. It is possible that the host country government will issue further decrees or otherwise attempt to modify existing environmental rights or other laws affecting the Company, its properties and its ability to operate in the host country. Any changes to host country environmental law may adversely affect the Company's ability to develop and operate its properties in the host country. Globally, environmental legislation is evolving towards stricter standards and enforcement, more stringent environmental impact assessments of new mining projects and increasing liability exposure for companies and their directors and officers. There is no assurance that future environmental regulations will not adversely affect Mundoro's operations.

Permits and Licensing

Exploration, development and operation of a mineral property are subject to laws and regulations governing health and worker safety, employment standards, environmental matters, mine development, project development, mineral production, permitting and maintenance of title, exports, taxes, labour standards, reclamation obligations, heritage and historic matters and other matters. The Company is required to have a wide variety of permits from government and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. The owners and operators of the properties in which Mundoro holds an interest require licenses and permits from various governmental authorities in order to conduct their operations. Future changes in such licenses and permits could have a material adverse impact on the costs Mundoro incurs. Such licenses and permits are subject to change in various circumstances and are required to be kept in good standing through a variety of means, including cash payments and satisfaction of conditions of issue. There can be no guarantee that Mundoro or the operators of those properties in which Mundoro holds an interest, will be able to obtain on a timely basis or maintain all necessary licenses and permits in good standing that may be required to explore, develop and operate the properties, commence construction or operation of mining operations that economically justify the cost. Any failure to comply with applicable laws and regulations, permits and licenses, or to maintain permits and licenses in good standing, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or fines, penalties or other liabilities accruing to the owner or operator of the project. Any such occurrence could cause the termination of operations on the property, and thereby have a material and adverse effect on Mundoro's results of operation and financial condition.

Competition

The mining industry is competitive with many companies competing for the limited number of mineral resource acquisition and exploration opportunities. The Company faces competition from other mining companies in connection with the acquisition of properties. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. Many companies are engaged in the search for and the acquisition of mineral interests, and there is a limited supply of desirable mineral interests. As a result of this competition, there can be no assurance that the Company will be able to acquire or maintain attractive mineral properties or operations on economically acceptable terms. Consequently, the Company's business, results of operations and financial condition could be materially adversely affected.

Hiring of Key Personnel

The success of Mundoro will be largely dependent on the performance of its management team. The loss of the services of these persons would have a materially adverse effect on Mundoro's business and prospects. There is no assurance Mundoro can retain the services of its officers or other qualified personnel required to operate its business. Mundoro's success depends on attracting and retaining qualified personnel in a competitive labour environment. The Company's operations are based in Mexico, Serbia and Bulgaria and finding or hiring qualified people or obtaining all necessary services for the Company's operations may be difficult.

Commodities

Mundoro's revenues, if any, are expected to be in large part derived from the sale of natural resource assets. The price of natural resource assets fluctuates widely and is affected by factors beyond the Company's control including, but not limited to, international economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply of precious metals due to new mine developments, mine closures as well as advances in various production and use technologies of precious metals. All of these factors will have impacts on the viability of Mundoro's exploration projects that are impossible to predict.

Foreign Exchange

By virtue of its international operations, the Company incurs costs and expenses in a number of foreign currencies. The Company reports in Canadian dollars while the majority of operating and capital expenditures are denominated in the Mexican peso, Canadian dollar, U.S. dollar, Serbian dinar and the Bulgarian lev, which is pegged to the Euro. Fluctuations in exchange rates between the U.S. dollar and the Euro, the Canadian dollar and the Serbian dinar and Bulgarian lev, the Canadian dollar and the U.S. dollar, and the Canadian dollar and the Mexican Peso give rise to foreign exchange exposures, either favourable or unfavourable, which could have a material impact on the Company's results of operations and financial condition. The Company does not anticipate entering into hedging or derivative arrangements to manage its foreign exchange risk.

Financing

Mundoro has finite financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. There can be no assurance that Mundoro will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further business activities and may result in a material adverse effect on Mundoro's profitability, results of operation and financial condition.

Price Volatility

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares will be subject to market trends generally, notwithstanding any potential success of Mundoro in creating revenues, cash flows or earnings. The value of Mundoro's common shares will be affected by such volatility.

Dilution to Common Shares

During the life of the Company's outstanding stock options granted under its share based compensation plans, the holders are given an opportunity to profit from an increase in the market price of the common shares with a resulting dilution in the interest of shareholders. The holders of stock options may exercise such securities at a time when the Company may have been able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding rights. The increase in the number of common shares in the market, if all or part of these outstanding rights were exercised, and the possibility of sales of these additional shares may have a depressive effect on the price of the common shares.

Investments

The Company from time to time, intends to participate in a limited number of investments and, as a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavourable performance of even a single investment. In addition, as the Company's investments are expected to be concentrated in the resource sector, the Company's performance will be disproportionately subject to adverse developments in the resource sector.

Conflicts of Interest

Certain of the directors of Mundoro also serve as directors or officers, or have significant shareholdings in, other companies involved in mineral property investments and, to the extent that such other companies may participate in ventures which Mundoro may participate in, a conflict may arise. The Company expects that any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in applicable laws.

Insured and Uninsured Risks

The Company's business is subject to numerous risks and hazards, including severe climatic conditions, industrial accidents, equipment failures, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and other natural events such as earthquakes. Such occurrences could result in damage to mineral properties or facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in operations, monetary losses and possible legal liability. In order to eliminate or reduce certain risks, the Company purchases and maintains insurance coverage, subject to limits and deductibles that are considered reasonable and prudent. This insurance does not cover all potential risks because of customary exclusions and/or limited availability, and in some instances, the Company's view that the cost of certain insurance coverage is excessive in relation to the risk or risks being covered. Further, there can be no assurance insurance coverage will continue to be available on commercially reasonable terms, that such coverage will ultimately be sufficient, or that insurers will be able to fulfill their obligations should a claim be made. Losses arising from any such events that are not fully insured may cause the Company to incur significant costs that could have a material adverse effect on its business, financial condition and results of operations.

Mineral Resources and Reserves Estimates

The mineral reserves and resources identified on properties are estimates only, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of minerals will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques.

Actual mineralisation or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change. Resource estimates in particular must be considered with caution. Resource estimates for properties that have not commenced production are based, in many instances, on limited and widely spaced drill holes or other limited information, which is not necessarily indicative of the conditions between and around drill holes. Accordingly, such resource estimates may require revision as more drilling or other exploration information becomes available or as actual production experience is gained. Further, resources may not have demonstrated economic viability and may never be extracted by the operator of a property. It should not be assumed that any part or all of the mineral resources on properties constitute or will be converted into reserves. Market price fluctuations of the applicable commodity, as well as increased production and capital costs or reduced recovery rates, may render the proven and probable reserves on properties unprofitable to develop at a particular site or sites for periods of time or may render reserves containing relatively lower grade mineralisation uneconomic. Moreover, short-term operating factors relating to the reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause reserves to be reduced or not extracted. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require the operators to reduce their reserves and resources, which may result in a material and adverse effect on Mundoro's results of operation and financial condition.

Title to Properties

A defect in the chain of title to any of the underlying properties in which Mundoro may have an interest may arise to defeat the claim of the operator to a property. To the extent an owner or operator is not entitled to title on the property, it may be required to cease operations or transfer operational control to another party. As a result, known title defects, as well as unforeseen and unknown title defects may impact operations at a project in which Mundoro has an interest and may result in a material and adverse effect on Mundoro's results of operation and financial condition.

Foreign Operations

The Company's operations consist of the acquisition, exploration, development and investment in mineral resource properties. The majority of the Company's operations and business are outside of Canada, and as such, the Company's operations are exposed to various political and other risks and uncertainties. The Company conducts its operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between or among Mundoro and such entities could restrict or impact the Company's ability to fund its operations. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's business, financial condition and results of operations.

Foreign Country Political Environment

Mundoro operates in foreign countries and the Company's operations in these foreign jurisdictions may be subject to geopolitical, economic and other risks, as evidenced in Eastern Europe, China and Mexico, that may affect the Company's future operations and financial position. There is sovereign risk in investing in foreign countries, including the risk that the resource concessions may be susceptible to revision or cancellation by new laws or changes in direction by the government in question. It is possible that changes in applicable laws, regulations, or changes in their enforcement or regulatory interpretation could result in adverse changes to mineral operations. These are matters over which Mundoro has no control. There is no assurance that future political and economic conditions in such countries will not result in the adoption of different policies or attitudes respecting the development and ownership of resources. Any such changes in policy or attitudes may result in changes in laws affecting ownership of assets, land tenure and resource concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both the ability to undertake exploration and development on the properties on which Mundoro holds royalty or other interests. In certain areas in which Mundoro has an interest, the regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of Mundoro and such changes may result in a material and adverse effect on Mundoro's results of operation and financial condition. Investors should assess the political risks of investing in a foreign country.

Any variation from the current regulatory, economic and political climate could have an adverse effect on the affairs of the Company. In addition, the enforcement by the Company of its legal rights to exploit its properties may not be recognized by the government of the foreign country or by its court system.

Security and Safety

The Company has projects located in the State of Chihuahua, Mexico. Although the Company has curtailed exploration activity in Mexico, we still maintain one concession. Criminal activities in the region or the perception that such activities are likely, may disrupt the Company's exploration programs, hamper the Company's ability to hire and keep qualified personnel, and impair the Company's access to sources of capital. Risks associated with conducting business in the region include risks relating to the safety of personnel and assets. Such risks may include, but are not limited to: kidnappings of employees and contractors, exposure of employees and contractors to local crime related activity and disturbances, exposure of employees and contractors to drug trade activity, and damage or theft of Company or personal assets. These risks may result in serious adverse consequences including personal injuries, kidnappings or death, property damage or theft, limiting or disrupting exploration programs, restricting the movement of funds, impairing contractual rights, or causing the Company to shut down operations, all of which may expose the Company to costs as well as potential liability. Such events could have a material adverse effect on the Company's cash flows, earnings, results of operations and financial condition and make it more difficult for the Company to obtain required financing. Although the Company has developed precautions regarding these risks, due to the unpredictable nature of criminal activities, there is no assurance that the Company's efforts are able to effectively mitigate risks and safeguard personnel and Company's property effectively.

Litigation

All industries, including mining, are subject to legal claims that can be with and without merit. Defense and settlement costs can be substantial, even for claims that have no merit. Potential litigation may arise with respect to a property in which Mundoro is in the process of evaluating as a strategic investment and/or holds an interest directly or indirectly in an exploring, developing and/or operating mineral property now or in the future (for example, litigation between joint venture partners or original property owners). Mundoro might not generally have any influence on the litigation nor will it necessarily have access to data. To the extent that litigation results in the cessation or reduction of production from a property (whether temporary or permanent), it could have a material and adverse effect on Mundoro's results of operations and financial condition. The litigation process is inherently uncertain, so there can be no assurance that the resolution of a legal proceeding will not have a material adverse effect on our future cash flow, results of operations or financial condition.

Future Plans

As part of its overall business strategy, the Company examines, from time to time, opportunities to acquire and/or develop new mineral projects and businesses. A number of risks and uncertainties are associated with these potential transactions and Mundoro may not realize all of the anticipated benefits. The acquisition and the development of new projects and businesses are subject to numerous risks, including political, regulatory, design, construction, labour, operating, technical, and technological risks, as well as uncertainties relating to the availability and cost of capital. Failure to successfully realize the anticipated benefits associated with one or more of these initiatives successfully could have an adverse effect on the Company's business, financial condition and results of operations.

China Related Risks

Through the Company's minority interest, it has rights to a 79% interest in Tianli for the Maoling Gold project located in Liaoning Province, China. Due to its 5% holding, the Company's ability to effect change is limited.

China's economy differs from the economies of most developed countries in many respects, including government intervention; foreign investment; domestic sales of commodities; level of development; growth rate; control of foreign exchange; allocation of resources; and legal recourse. Some of these measures benefit the overall economy of China, but may have a negative effect on Mundoro. Regardless of the economic viability of the Maoling Gold Project, factors such as political instability, terrorism, expropriation by governments or the imposition of new regulations or tax laws may prevent or restrict mining or exploration of the Maoling Gold Project.

12. QUALIFIED PERSONS & INFORMATION CONCERNING ESTIMATES OF RESOURCES

On April 15, 2013, Mundoro announced the completion of the NI 43-101 compliant technical report on the Company's 100%-owned Borsko Jezero Property in Bor, Serbia (the "Borsko Jezero Technical Report"). The Borsko Jezero Property is located in Northeastern Serbia and covers (46 sq.km). The Borsko Jezero Technical Report was prepared by D. Power-Fardy, P. Geo., EurGeol and Senior Geologist with Watts, Griffis and McOuat Limited, Consulting Geologists and Engineers of Toronto, Canada, and G. Magaranov, P. Geo., EurGeol and Senior Exploration Manager, SE Europe for Mundoro, both of whom are a Qualified Person as defined by NI 43-101

This management discussion and analysis of financial results uses the terms "measured resources", 'indicated resources' and 'inferred resources'. The Company advises investors that although these terms are recognized and required by Canadian regulations (under NI 43-101 Standards of Disclosure for Mineral Projects), the U.S. Securities and Exchange Commission does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, 'inferred resources' have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for Preliminary Assessments as defined under NI 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable. Mineral resources that are not classified as mineral reserves do not have demonstrated economic viability.