Mundoro Capital Inc.

Consolidated Financial Statements

For the Year Ended December 31, 2023

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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, 2023 and 2022, 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 Accounting Standards).

What we have audited

The Company’s consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2023 and 2022;
- the consolidated statements of (income) loss and comprehensive (income) loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment *Refer to note 2 – Significant accounting policies and basis of preparation, note 6 – Investments and note 15 – Financial Instruments to the consolidated financial statements.* The Company holds a 2.9% equity interest in Galenit AD, a privately held company. The investment is classified as fair value through profit or loss. As at December 31, 2023, the fair value of the Company's investment in Galenit AD was estimated to be $167 thousand. Where the fair value of equity instruments cannot be derived from transactions in active markets, they are determined using appropriate valuation techniques for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Management applied judgment in determining the fair value of the Company's investment, which was based on the estimated market value of mineral resources held by Galenit AD. The market value of mineral resources was estimated using comparable gold mining companies' public information on mineral resources and market valuation and then adjusting for certain factors such as size, location and liquidity of the investment. We considered this a key audit matter due to (i) the significance of the investment balance; (ii) management's judgment in determining which companies are comparable to the investment in Galenit AD; and (iii) the auditor judgment and subjectivity involved in performing procedures to evaluate management's assessment of the fair value of the investment in Galenit AD.	Our approach to addressing the matter included the following procedures, among others: • Developed an independent fair value estimate based on the adjusted market capitalization of a Canadian listed company which has a stake in three of the properties that Galenit AD holds an interest in. Market capitalization was adjusted for assets owned by the Canadian listed company that Galenit AD does not have an interest in. • Compared the independent fair value estimate to management's estimate to evaluate the reasonableness of management's estimate. • Verified the Company's extent of equity interest in the investment. • Tested the disclosures made in the consolidated financial statements in relation to the investment.

Other information

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

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 Accounting Standards, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Lana Kirk.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 29, 2024

(Expressed in Canadian Dollars)

CONSOLIDATED BALANCE SHEETS

As at	Notes	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		$ 6,479,508	$ 4,843,844
Amounts receivable	**4**	394,179	168,581
Amounts receivable from partners	**3**	292,773	510,877
Deposits	**5**	**-**	464,261
Prepaid expenses		387,432	110,816
		7,553,892	6,098,379
Non-current assets			
Deposits	**5**	212,058	-
Investments	**6**	166,638	273,820
Equipment and vehicles	**7**	410,016	151,988
Mineral interests	**8**	54,321	92,986
		843,033	518,794
TOTAL ASSETS		**$ 8,396,925**	**$ 6,617,173**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**10,12**	$ 2,469,543	$ 575,451
Advances from partners	**3**	1,662,195	3,154,951
TOTAL LIABILITIES		**4,131,738**	**3,730,402**
EQUITY			
Share capital	**11**	54,022,118	53,894,547
Contributed surplus		9,094,652	9,094,652
Stock options reserve		1,757,490	1,676,780
Accumulated other comprehensive income		43,245	82,870
Deficit		(60,652,318)	(61,862,078)
TOTAL EQUITY		4,265,187	2,886,771
TOTAL EQUITY AND LIABILITIES		**$ 8,396,925**	**$ 6,617,173**

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

Signed on behalf of the Board of Directors

/s/ Michael Calyniuk, Director

/s/ Teodora Dechev, Director

(Expressed in Canadian Dollars)

CONSOLIDATED STATEMENTS OF (INCOME) LOSS AND COMPREHENSIVE (INCOME) LOSS

		For the year ended	
	Note	December 31, 2023	December 31, 2022
Exploration and project evaluation	9	$ 13,091,014	$ 5,108,607
Less: recoveries		(13,282,884)	(4,275,666)
		(191,870)	832,941
Fees earned and net option payments received	3	(3,015,408)	(886,887)
Interest and other income		(74,201)	(50,097)
		(3,089,609)	(936,984)
EXPENSES			
Corporate governance		425,570	374,703
General and administrative		148,665	228,083
Accounting and audit		444,922	322,520
Corporate communication		345,485	322,967
		1,364,642	1,248,273
(INCOME)/LOSS BEFORE OTHER EXPENSES		(1,916,837)	1,144,230
OTHER (INCOME) EXPENSES			
Share-based payments		174,291	274,317
Depreciation	7	82,932	36,762
Decrease (Increase) in fair value of investments	6	107,182	222,758
Write-down of mineral interests	8	11,512	17,032
Foreign exchange (gain) loss		142,597	(101,888)
		518,514	448,981
NET (INCOME) LOSS FOR THE YEAR BEFORE TAX		$ (1,398,323)	$ 1,593,211
INCOME TAX EXPENSE		188,563	-
NET (INCOME) LOSS FOR THE YEAR AFTER TAX		$ (1,209,760)	$ 1,593,211
OTHER COMPREHENSIVE (INCOME) LOSS WHICH			
Foreign currency translation differences from foreign operations		39,625	(101,213)
COMPREHENSIVE (INCOME) LOSS FOR THE YEAR		$ (1,170,135)	$ 1,491,998
BASIC AND DILUTED (INCOME) LOSS PER SHARE		$ (0.01)	$ 0.02

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

(Expressed in Canadian Dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the year ended	
	Note	December 31, 2023	December 31, 2022
Cash flows provided from (used in):			
OPERATING ACTIVITIES			
Net income/(loss) for the year	**$**	**1,209,760**	**(1,593,211)**
Adjustments for items not affecting cash:			
Depreciation		82,932	36,762
Share-based payments		174,291	274,317
Change in fair value of investments	6	107,182	222,758
Gain on retirement of CEBA loan		-	(20,000)
Write-down of mineral interests	8	11,512	17,032
Write-off of receivables		-	21,717
Unrealized foreign exchange (gain) loss		142,597	(10,261)
		1,728,274	**(1,050,886)**
Option payments in excess of property carrying values	3	(1,107,202)	-
Amounts receivable	3	(225,598)	(25,730)
Amounts receivable from partners	3	218,104	(481,075)
Prepaid expenses		(276,616)	(54,160)
Deposits	5	271,000	(329,713)
Accounts payable and accrued liabilities		1,894,094	(11,472)
Advances from partners	3	(1,492,756)	3,154,951
Net cash provided by operating activities		**1,009,300**	**1,203,915**
FINANCING ACTIVITIES			
Issuance of common shares for cash, stock option exercise		33,390	43,410
Payment of government loans		-	(40,000)
Net cash flows from financing activities		**33,990**	**3,410**
INVESTING ACTIVITIES			
Expenditures on mineral interests		(14,315)	(16,738)
Option payments received	3	1,149,932	102,629
Security deposit for mineral interests exploration		(18,797)	(121,093)
Purchase of equipment		(346,455)	(38,468)
Proceeds from disposition of assets		-	151
Net cash flows provided by (used in) investing activities		**770,365**	**(73,519)**
Effects of exchange rate changes on cash and cash equivalents		**(177,991)**	**122,561**
Net increase in cash and cash equivalents		**1,635,664**	**1,256,367**
Cash and cash equivalents, beginning of year		**4,843,844**	**3,587,477**
Cash and cash equivalents, end of year	**$**	**6,479,508**	**4,843,844**

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

(Expressed in Canadian Dollars)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital				Reserves								
	Number of shares		Amount		Contributed Surplus		Stock options reserve		Accum. Other Comprehensive Income and loss		Deficit		Total
Balance at December 31, 2021	**103,466,889**	**$**	**53,826,494**	**$**	**9,094,652**	**$**	**1,427,106**	**$**	**(18,343)**	**$**	**(60,268,867)**	**$**	**4,061,042**
Units issued for cash-stock option	338,667		68,053		-		(24,643)		-		-		43,410
Share-based payments **(Note 11 (b))**	-		-		-		274,317		-		-		274,317
Net comprehensive loss for the year	-		-		-		-		101,213		(1,593,211)		(1,491,998)
Balance at December 31, 2022	**103,805,556**	**$**	**53,894,547**	**$**	**9,094,652**	**$**	**1,676,780**	**$**	**82,870**	**$**	**(61,862,078)**	**$**	**2,886,771**
Balance at December 31, 2022	**103,805,556**	**$**	**53,894,547**	**$**	**9,094,652**	**$**	**1,676,780**	**$**	**82,870**	**$**	**(61,862,078)**	**$**	**2,886,771**
Common Shares issued for cash-stock option	679,124		127,571		-		(93,581)		-		-		33,990
Share-based payments **(Note 11 (b))**	-		-		-		174,291		-		-		174,291
Net comprehensive income for the year	-		-		-		-		(39,625)		1,209,760		1,170,135
Balance at December 31, 2023	**104,484,680**	**$**	**54,022,118**	**$**	**9,094,652**	**$**	**1,757,490**	**$**	**43,245**	**$**	**(60,652,318)**	**$**	**4,265,187**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Mundoro Capital Inc. ("Company", "MCI", and "Mundoro") was incorporated on March 6, 2008 under the Business Corporations Act of the Province of British Columbia and 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. The Company's head office and principal address is 14th floor - 1040 West Georgia Street, Vancouver, British Columbia, Canada V6E 4H1. 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.

These consolidated financial statements are authorized for issue by the Board of Directors on April 29, 2024

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 accounting standards").

b) *Basis of preparation*

These consolidated financial statements have been prepared on a historical cost basis, except for the Company's investments which are recognized at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) *Basis of consolidation*

These consolidated financial statements include the accounts of the Company and its subsidiaries. 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, Dutch entities and US entities are the Canadian dollar (CAD$), Mexican peso (MXN), Bulgarian Lev (BGN), Serbian dinar (RSD) Euro (EUR), and US Dollar (USD) respectively.

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

e) *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.

f) 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.

g) 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 option payments, 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.

h) 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.

i) 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 payments expense with a corresponding increase in equity.

The fair value of a share-based award is measured at the 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.

j) Share Capital

When the Company issues private placement units, the shares and warrants are measured using the residual method. This method allocates value first to the more easily measurable component based on fair value and the residual to the less easily measurable component. The Company considers the fair value of its shares to be the more easily measurable component and they are valued with reference to the market price. The residual value attributed to the warrants, if any, is recorded as a separate component of equity.

k) Financial instruments

The Company recognizes a financial asset or financial liability on the balance sheet 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. 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 relate 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 with an initial term of 90 days or less.

Provisions for future obligations

Provisions for future obligations, including environmental restoration, restructuring costs and legal claims, are recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

l) Accounting policy 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.

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.

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.

Where the fair value of equity instruments cannot be derived from transactions in active markets, they are determined using appropriate valuation techniques for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value for the Company's investment in private entity Galenit AD 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. Management applied judgment in determining which companies are comparable to the investment in Galenit AD.

3. THIRD PARTY FUNDED EXPLORATION PROGRAMS

Amounts received from third parties earning into a license(s) are netted firstly against the capitalized exploration expenditures on the applicable licenses and thereafter are recognized in the Company's statement of income (loss). Any advances received for future exploration work, or any reimbursable funds expended by the Company are recognized separately in the balance sheet. Fees earned include operator fees earned as the designated operator of the projects, option fees earned for maintaining options in good standing in excess of capitalized exploration expenditures, and fees earned for the use of Company assets, all of which are recognized in the Company's statement of (income) loss.

(Expressed in Canadian Dollars)

Where Mundoro is contractually entitled to advance payments in respect of a future period, those amounts are shown as Amounts Receivable from Partners. The balance of this account at December 31, 2023 was $292,773 (December 31, 2022 - $510,877).

When Mundoro cash calls a partner in advance of the exploration work being performed, the funds are shown as Advances from Partners. The balance of this account at December 31, 2023 was $1,662,195 (December 31, 2022 – $3,154,951). These funds are required to be used for exploration expenditures for partner programs.

4. AMOUNTS RECEIVABLE

		December 31, 2023		December 31, 2022
VAT/GST receivable	$	360,279	$	168,581
Other receivables		33,900		-
	$	394,179	$	168,581

5. DEPOSITS

Deposits include advance payments made to contractors and deposits made to governments as required by local laws. The balance at December 31, 2023 was $212,058 (December 31, 2022 - $464,261).

6. INVESTMENTS

In 2013, the Company, through a 100%-owned subsidiary, acquired at a cost of $280,853, a 2.9% equity interest in Galenit AD, a privately held gold producing company in Bulgaria. As at December 31, 2023, the fair value of such equity investment was estimated to be $166,638 (December 31, 2022 - $273,820), resulting in a decrease in fair value of this investment of $107,182 in the Company's statement of income and loss.

(Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

Cost		Office equipment		Field equipment		Total
As at December 31, 2021	**$**	**89,422**	**$**	**364,836**	**$**	**454,258**
Additions		28,191		10,277		38,468
Disposals		-		(151)		(151)
Effect of movements in exchange rates		1,264		9,973		11,237
As at December 31, 2022	**$**	**118,877**	**$**	**384,935**	**$**	**503,812**
Additions		-		346,455		346,455
Effect of movements in exchange rates		464		1,770		2,234
As at December 31, 2023	**$**	**119,341**	**$**	**733,160**	**$**	**852,501**
Accumulated depreciation						
As at December 31, 2021	**$**	**(63,272)**	**$**	**(247,529)**	**$**	**(310,801)**
Depreciation for the year		(8,410)		(28,352)		(36,762)
Disposal				739		739
Effect of movements in exchange rates		(535)		(4,465)		(5,000)
As at December 31, 2022	**$**	**(72,217)**	**$**	**(279,607)**	**$**	**(351,824)**
Depreciation for the year		(10,601)		(72,331)		(82,932)
Effect of movements in exchange rates		(167)		(7,562)		(7,729)
As at December 31, 2023	**$**	**(82,985)**	**$**	**(359,500)**	**$**	**(442,485)**
Net book amount						
As at December 31, 2022	$	46,660	$	105,328	$	151,988
As at December 30, 2023	$	36,356	$	373,660	$	410,016

8. MINERAL INTERESTS

Details of the Company's exploration and evaluation assets, including acquisition costs related to its projects, are as follows:

		Europe		North America		Total
Balance as at December 31, 2021	$	93,149	$	107,956	$	201,105
Acquisition costs		-		7,138		7,132
Write-down and adjustments		(17,032)		-		(17,032)
Allocation of option payments		-		(102,629)		(102,629)
Effect of movements in exchange rates		19		4,386		4,405
Balance at December 31, 2022	$	76,136	$	16,851		92,987
Acquisition costs		14,314		-		14,314
Write-down and adjustments		(4,815)		(6,697)		(11,512)
Allocation of option payments		(42,730)		-		(42,730)
Effect of movements in exchange rates		525		736		1,261
Balance at December 31, 2023	$	43,431	$	10,890	$	54,321

During the year 2023, the Company wrote down $11,512 (2022 - $17,032) in mineral interests due to the declines in value.

Serbian Properties

The Company holds through its Serbian subsidiaries, the following 100%-owned exploration licenses: Crvena Zemlja, Odej, Bobot, Odej South, Gramada, Oblez, Skorusa, Branik, Padina, Kotlenik (GT7), Ponor, Vitanovac, Trstenik and Lipovica. These licenses are located in Northeastern Serbia and Central Serbia.

BHP-Mundoro Projects

In Q1-2023, Mundoro announced the Company entered into an agreement with BHP Group Limited ("BHP") whereby BHP can earn-in to five (5) of the Company's properties and three exploration areas under application in Serbia. Each of the three Options provides BHP with the right to earn a 100% interest in the relevant Timok Property by making (i) annual cash payments and operator payments ("Payments") to Mundoro, with the aggregate amount of Payments for the three properties over three years amounting to approximately US$1,700,020, and (ii) incurring exploration expenditures within three years on the three properties amounting to US$7,500,000. BHP may exercise each Option independently or elect to extend each Option by one year by making additional Payments and incurring additional exploration expenditures. Upon exercise of each Option, Mundoro will retain a 2% net smelter return ("NSR") royalty that includes development milestone payments for a total up to US$9,000,000 and annual cash payments until commercial production commences. Mundoro is appointed as the initial operator under the Options.

Kinross-Mundoro Project

In Q3-2022, Mundoro entered into a Option Agreement with Kinross Gold Corporation ("Kinross") setting out the commercial terms for Kinross to earn-in 100% ("Option") of Mundoro's 100% owned exploration property identified as GT7 ("GT7 Property") in Serbia. Kinross can earn-in a 100% interest in the GT7 Property by completing US$6,000,000 of exploration expenditures over 5 years with a firm commitment of US$1,500,000 exploration expenditures in the first 18 months. This commitment was not met.

Vale-Mundoro Projects

In Q4 2019, the Company announced it had entered into an earn-in agreement (the "Earn-in Agreement") with Vale Canada Limited ("Vale"), in which Mundoro granted to Vale over two phases ("Phase One and Phase Two") an option to earn up to a 75% interest in four of its exploration licenses: Skorusa, Oblez, Branik and Padina (the "Vale-Mundoro Projects") by sole funding expenditures of up to US$50 million over 8 years. The Vale-Mundoro Projects are located within the Timok Magmatic Complex. If either party dilutes below 10%, their interest will convert into a 2% NSR of which up to 1% NSR will be re-purchasable. The agreement was terminated in April 2024 with all rights in the property returned to Mundoro at no cost. See Subsequent Event Note 17 for further details.

In Q4-2020, Mundoro entered into an option agreement with Vale, granting Vale an earn-in option for the exploration licenses, Odej, Bobot, Odej South, and Gramada, all located within the Timok Magmatic Complex in northeastern Serbia. The agreement was terminated in April 2024 with all rights in the property returned to Mundoro at no cost. See Subsequent Event Note 17 for further details.

Bulgarian Properties

JOGMEC-Mundoro Projects

In Q1 2019, Mundoro entered into a Generative Program Agreement ("Generative Agreement") in the Republic of Bulgaria ("Bulgaria") with Japan Oil, Gas and Metals National Corporation ("JOGMEC"). JOGMEC has designated a few properties as Designated Projects to proceed to the next stage of the Generative Agreement ("JOGMEC Designated Project"). Mundoro has a number of applications at the Bulgarian Ministry of Energy ("BMoE") for areas of exploration that are the selected JOGMEC Designated Projects. In Q4-2021, a contract was signed with the BMoE for one of the JOGMEC Designated Projects located in western Bulgaria, EE1 Project. Mundoro and JOGMEC entered into an Earn-In and Joint Venture Agreement on March 17, 2022 (EI and JV Agreement) for the exploration of the EE1 project. The EI and JV Agreement provides a stage one earn-in option granted to JOGMEC for a 51% interest following contributions of certain expenses. JOGMEC has completed the stage one earn-in. The stage two additional earn-in option allows JOGMEC to acquire an additional 24%, for a total of 75% interest in the EE1 project by completing a Preliminary Economic Assessment over six years from May 1, 2022. On the completion of stage two, JOGMEC will have the right to purchase an additional 5% interest from Mundoro for a total interest in the EE1 project of 80%. Mundoro is free carried to Commercial Production.

Mundoro Projects

In September 2017, the Company's local subsidiary in Bulgaria was announced as the winner of the Svoboda tender process. Certain legal and administrative procedures must be completed in order for an exploration contract to be entered into between the Company's subsidiary and the BMoE. The Company has submitted a number of applications to the BMoE and continues to coordinate with the responsible Ministries in order to advance its applications.

USA Properties

In Q4-2021, the Company and Vale established a **generative alliance** focused on generation of new projects with high potential to host porphyry. In Q2-2022, the Company and Vale entered into a generative alliance which has an initial term of two years. Vale has committed to funding exploration and portfolio generation services within areas of interest in Arizona and New Mexico. Mundoro also earns a management fee and will identify and present to Vale projects suitable for further exploration which will be subject to separate option agreements. The agreement was terminated in April 2024 with all rights in the projects returned to Mundoro at no cost. See subsequent event Note 17 for further details.

In Q4-2021, Mundoro and Vale entered into an option agreement for the **Dos Cabezas** property in Arizona. Vale can acquire 100% of the right, title, and interest in the respective properties provided it maintains its option in good standing through: (i) sole-funding exploration expenditures during the option period for up to US$1,500,000 over two years or US$2,500,000 over three years, (ii) make payments during the option period of up to US$500,000 over the three years, (iii) upon completion of the option exercise, make cash payments to Mundoro which combined equate to US$9,000,000 over four milestones starting at an initial resources statement for the Designated Project and ending with receipt of permits and licenses necessary to commence construction, and (iv) as part of the option exercise, grant to Mundoro a 2% NSR, which includes annual advance royalty payments of US$200,000 through to commercial production. The agreement was terminated in April 2024 with all rights in the properties returned to Mundoro at no cost. See subsequent event Note 17 for further details. The option fees received under this agreement are included in the total shown in Note 3.

In Q1-2023 the Company entered into an option agreement with Vale for the **Picacho** property in Pinal County, Arizona. The agreement was finalized in Q2-2023 when certain preconditions were met. Vale can acquire 100% of the Picacho Project through: (i) sole-funding exploration expenditures during the option period, being up to US$1,500,000 over two years or US$2,500,000 over three years, (ii) make property payments during the option period of up to US$500,000 over the three years, (iii) upon completion of the option exercise, make cash milestone payments to Mundoro which combined equate to US$9,000,000 over four milestones and (iv) as part of the option exercise, grant to Mundoro a 2% NSR on the Designated Project, which includes annual advance royalty payments of US$200,000 per year through to commercial production. Mundoro is the initial Operator. The agreement was terminated in April 2024, with all rights in the property returned to Mundoro at no cost.

(Expressed in Canadian Dollars)

9. EXPLORATION AND PROJECT EVALUATION

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

For the year ended December 31, 2023		Serbia		Bulgaria		USA		Other		Total
Project Administration[1]	$	160,406	$	82,886	$	95,331	$	-	$	338,623
Land holding[2]		93,750		12,967		103,242		-		209,959
Community engagement[3]		41,862		78,042		920		129		120,953
Field related[4]		703,855		33,745		468,941		4,207		1,210,748
Personnel[5]		1,154,387		177,244		637,886		3,122		1,972,639
Technical services[6]		4,060,636		225,671		4,549,526		-		8,835,833
Project evaluation[7]		182,758		23,137		51,222		145,142		402,259
Total expenditures		**6,397,654**		**633,692**		**5,907,068**		**152,600**		**13,091,014**
Less: recoveries		(6,740,830)		(585,979)		(5,956,075)				(13,282,884)
	$	**(343,176)**	**$**	**47,713**	**$**	**(49,007)**	**$**	**152,600**		**$ (191,870)**

For the year ended December 31, 2022		Serbia		Bulgaria		USA		Other	Total
Project Administration[1]	$	221,545	$	64,174	$	17,651	$	-	303,370
Land holding[2]		35904		4,603		79,475		-	119,982
Government and community relations[3]		91,521		71,687		31,694		-	194,902
Field related[4]		524,387		20,818		433,046		-	978,251
Personnel[5]		642,490		186,018		403,614		-	1,232,122
Technical services[6]		1,108,675		70,567		-		-	1,179,242
Project evaluation[7]		188,678		43,587		868.473		-	1,105,341
Total expenditures		**2,813,200**		**461,454**		**1,833,953**		**-**	**5,108,607**
Less: recoveries		(2,272,501)		(332,841)		(1,670,324)		-	(4,275,666)
	$	**540,699**	**$**	**128,613**	**$**	**163,629**	**$**	**-**	**832,941**

Notes:
[1] Project Administration expenses include administrative, accounting, contract services, project logistics, permitting, and legal costs related to the projects.
[2] Land holding costs include property taxes and related costs associated with holding the properties.
[3] Community engagement relates to the costs of communicating with governing bodies in the local jurisdictions.
[4] Field related expenses include items such as field equipment, lodging and meals for field personnel.
[5] Personnel costs for conducting exploration work include consultants and employees.
[6] Technical Services expenditures include activities such as geochemical assaying, geophysical surveys drilling and other exploration related activities.
[7] Project evaluation expenditures capture those costs incurred in analysis of existing mineral projects and evaluating new mineral project opportunities.

10. ACCOUNTS PAYABLE, ADVANCES AND ACCRUED LIABILITIES

		Dec 31, 2023		Dec 31, 2022
Trade payables	$	2,101,826	$	440,677
Income taxes payable		188,563		-
Accrued liabilities		179,154		134,774
	$	2,469,543	$	575,451

(Expressed in Canadian Dollars)

11. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At December 31, 2023, there were 104,484,680 issued and fully paid common shares (December 31, 2022 – 103,805,556).

During the year-ended December 31, 2023, a total of 1,045,000 options were exercised for total proceeds of $33,390. Of the total options exercised, 735,000 options were exercised on a cashless exercise basis as per the Company's Employee Incentive Plan.

Stock options

The continuity of stock options during the year ended December 31, 2023 and the year ended December 31, 2022 was as follows:

	December 31, 2023			December 31, 2022		
	Number outstanding		Weighted average exercise price	Number outstanding		Weighted average exercise price
Opening Balance	**7,020,000**	**$**	**0.17**	**7,723,205**	**$**	**0.17**
Granted	1,899,000		0.195	1,725,000		0.18
Exercises	(1,045,000)		0.11	(338,667)		0.13
Expired	-		-	(1,369,538)		0.16
Forfeitures	-		-	(720,000)		0.21
Closing Balance	**7,874,000**	**$**	**0.17**	**7,020,000**	**$**	**0.17**

The following summarizes information about stock options outstanding and exercisable at December 31, 2023:

Grant date	Options outstanding	Expiry Date	Unvested Options	Options Exercisable	Remaining Life	Exercise price ($)
May 27, 2019	1,225,000	May 27, 2024	-	1,225,000	0.41	0.12
June 30, 2020	1,290,000	June 30, 2025	-	1,290,000	1.50	0.12
May 04, 2021	1,935,000	May 03, 2026	-	1,935,000	2.34	0.23
Feb 15, 2022	1,525,000	Feb 15, 2027	508,333	1,016,667	3.13	0.175
Feb 17, 2023	1,899,000	Feb 17,2028	1,899,000	-	4.13	0.195
	7,874,000		**2,407,333**	**5,466,667**	**2.49**	**0.17**

On February 15, 2022 the Company granted stock options to directors, officers, employees and contractors to purchase up to 1,725,000 common shares of the Company at an exercise price of $0.175 per share, over a five-year term.

On February 17, 2023 the Company granted stock options to directors, officers, employees and contractors to purchase up to 1,899,000 common shares of the Company at an exercise price of $0.195 per share, over a five-year term.

(Expressed in Canadian Dollars)

Warrants

The change in warrants during the period ended December 31, 2023 and the year ended December 31, 2022 was as follows:

	December 31, 2023			December 31, 2022		
	Number outstanding	Weighted average Exercise price		Number outstanding	Weighted average exercise price	
Opening balance	**9,643,751**	**$**	**0.30**	**10,011,487**	**$**	**0.30**
Issued	-		-	-		-
Exercised	-		-	-		-
Expired	(9,643,751)	$	0.30	(367,736)		0.30
Closing balance	**-**		**-**	**9,643,751**	**$**	**0.30**

All of the Company's outstanding warrants expired on February 11, 2023. There are no warrants outstanding as of December 31, 2023.

12. RELATED PARTY TRANSACTIONS AND BALANCES

Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were $19,004 as of December 31, 2023 (December 31, 2022 – nil). These amounts are for the reimbursement of expenses and service fees.

Related party transactions

	For the year ended			
		December 31, 2023		December 31, 2022
Directors' fees	$	110,000	$	133,000
Short-term management salaries and benefits		642,376		616,047
Share based payments - Directors		54,503		88,316
Share based payments – Officers		35,073		51,354
	$	**841,952**	**$**	**888,717**

13. SEGMENTED INFORMATION

The Company's total assets and net losses by geographic segment are as follows:

(Expressed in Canadian Dollars)

		North America		Europe		Total
Assets						
As at December 31, 2023						
Non-current	$	360,479	$	482,554	$	843,033
Current		6,397,776		1,156,116		7,553,892
Total assets	$	6,758,254	$	1,638,671	$	8,396,925
As at December 31, 2022						
Non-current	$	55,300	$	463,494	$	518,794
Current		4,748,746		1,349,633		6,098,379
Total assets	$	4,804,046	$	1,813,127	$	6,617,173
Net loss (income):						
For the period ended December 31, 2023	$	(244,848)	$	(964,912)	$	(1,209,760)
For the period ended December 31, 2022	$	1,391,025	$	202,186	$	1,593,211

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.

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, 2023 consist of cash and cash equivalents, receivables, advances, deposits, 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. Management applied judgment in determining the fair value of the Company's investment which was based on the estimated market value of mineral resources held by Galenit AD. The market value of mineral resources was estimated using comparable 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 and cash equivalents and accounts receivable. Cash, cash equivalents and short-term investments have been placed on deposit with major Canadian financial institutions.

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 Canadian tier 1 chartered 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.

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 annually prepares a budget which takes into consideration operating expenditure, capital investments and purchases, and expenditure commitments. The annual budget is reviewed and approved by the Board of Directors. The Company believes that it has sufficient cash and cash equivalents to meet its short-term operating 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 exploration 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, 2023 in the amount of $6,479,508, in order to meet its operating requirements for at least the next twelve months. At December 31, 2023 the Company had $394,159 in amounts receivable, $292,773 in amounts receivable from partners, accounts payable and accrued liabilities of $2,469,543, and advances payable from joint venture partners of $1,662,195 all of which are expected to be settled in 2024.

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 invests cash, where appropriate, in 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, 2023.

Currency risk

The Company operates in Canada, USA, Mexico, Serbia, and Bulgaria, and its expenses are incurred in CAD$, US$, MXN, EUR, BGN and RSD but funded primarily in Cdn$ and US$. 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 of December 31, 2023, a 5% change in exchange rates could give rise to a change in the net loss by approximately $226,000 which is primarily due to the Company's USD cash balance of $4.53M at year end. The Company has not hedged its exposure to currency risk.

The Company maintains its funds primarily in CAD$ and US$ and purchases foreign currencies when needed to meet current operating needs.

(Expressed in Canadian Dollars)

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% (2022 – 27.0%) as follows:

		2023		2022
Expected tax expense (recovery)	$	**375,117**	$	(430,167)
Share based compensation and other differences		**139,999**		148,225
Foreign exchange rate and tax rate differences		**(139,912)**		382,676
Change in tax assets which have not been recognized		**(186,641)**		(100,734)
Income tax expense	**$**	**188,563**	$	-

b) *Deferred income tax assets*

As at December 31, 2023, 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, 2023, the unrecognized amount of deferred tax asset arising from the deductible temporary differences are as follows:

		December 31, 2023		December 31, 2022
Tax loss carry forwards	**$**	**4,700,000**	$	4,574,000

The Company has tax losses in Canada of approximately $15,257,000 expiring in various amounts from 2028 to 2042. The Company also has tax losses in Mexico of approximately $400,000 expiring from 2024 to 2029, tax losses in Serbia of approximately $355,000 expiring in 2024 to 2027, tax losses in Bulgaria of approximately $170,000 expiring from 2024 to 2027, and tax losses in the US of $1,685,000 that carry forward indefinitely.

17. SUBSEQUENT EVENTS

In Q1, 2024, Mundoro was notified by Vale Canada Limited of their decision to terminate the five option agreements. According to the terms of the agreement, Vale was obligated to settle all outstanding payments associated with this termination, which were duly completed in April 2024.