MANAGEMENT DISCUSSION AND ANALYSIS

For The Three Months Ended March 31, 2016
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 three months ended March 31, 2016, 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 May 24, 2016. 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 May 24, 2016.
- 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

The Company ended the period with $5,091,491 in cash, cash equivalents and short term investments, and has no debt as at March 31, 2016.

Mundoro is a Canadian based public company which is focused on generating value for its shareholders through utilizing the collective expertise of our directors, management and technical team to invest in mineral projects that have the ability to generate future returns.

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 royalties, an interest in commercial production, dividend payments or sale of our interest in the mineral property.

In Serbia, Mundoro methodically staked a district-scale land position in the prolific Timok Mining Camp which hosts significant Gold-Copper deposits. Mundoro has signed a binding Interim Agreement ("Agreement") with Japan Oil, Gas and Metals National Corporation ("JOGMEC") in which it has granted to JOGMEC an earn-in option on three of eight of Mundoro's Serbian exploration licenses: Dubrava, Padina and Zeleznik located within the Timok Magmatic Complex in northeastern Serbia. This Agreement represents the Company's second strategic partnership in the last twelve months, which reinforces the continued interest in the Tethyan belt and in Mundoro's land package. For the remaining five licenses, Mundoro is actively pursuing further joint venture partners to explore this land package.

In Bulgaria, Mundoro proactively staked a land position in an under explored region of the Rhodopes known for precious metal deposits. Mundoro has generated drill targets and is actively pursuing joint venture partners to advance this ground.

In China and Mexico, Mundoro holds investments in mineral projects that we are pursuing to potentially monetize to generate returns for our shareholders.

Serbia Exploration Program

The Company's mineral exploration license areas in the Republic of Serbia ("**Serbia**") total 562 square kilometers (sq.km) and are located in Northeastern Serbia, approximately 100km east of Belgrade, the capital of the country. The mineral exploration licenses are within the well-known Timok Magmatic Complex ("**TMC**"), a segment of the Tethyan Metallogenic Belt which runs from Eastern Europe to Asia. The TMC hosts significant Au-Cu porphyry deposits (Bor, Majdanpek, Veliki Kreveli, etc.) and related Cu-Au epithermal deposits. The mineral exploration licenses are held through the Company's 100%-owned subsidiary Stara Planina Resources EAD, and are: (i) Zeleznik, (ii) Padina, (iii) Borsko Jezero, (iv) Savinac, (v) Bacevica, (vi) Osnic, (vii) Sumrakovac, and (viii) Dubrava-Ostrelj (Dubrava).

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.

On March 7, 2016, the Company reported that it had entered into a binding Interim Agreement with JOGMEC, in which it has granted to JOGMEC an earn-in option on three of Mundoro's exploration licenses: Dubrava, Padina (including portions of the former Topla project) and Zeleznik (the "Timok North Projects") located within the Timok Magmatic Complex in northeastern Serbia.

Pursuant to the Agreement, Mundoro has granted to JOGMEC the following earn-in and option rights to the Timok North Projects. JOGMEC may earn a 51% interest in the Timok North Projects by making US$3 million in expenditures within two years (March 7, 2018). JOGMEC is under a firm commitment to expend US$1 million of this amount within one year (March 2017). Following the Stage One Earn-in, JOGMEC has a right to acquire an additional 24% interest in the Timok North Projects, for a total of 75% interest, by funding the completion of a Feasibility Study (up to US$32 million) by the eighth anniversary of the Agreement (March 2024). On completing the Stage Two Earn-In, JOGMEC will have a right, exercisable for a period of 60 days, to purchase an additional 5% interest in the Timok North Projects from Mundoro, for a total of 80% interest. The purchase price for the 5% interest will be determined by an independent appraisal of fair market value. JOGMEC will be responsible for future expenditures on the project through to production if it completes Stage Two, including Mundoro's share of capital expenditures. Mundoro's portion of capital expenditures shall be repaid from 50% of the cash flow that Mundoro would otherwise be entitled to receive on a pro rata basis from the joint venture. If either party dilutes below 10%, their interest will convert into a 2% NSR of which up to 1% NSR will be re-purchasable for a total of US$4 million. Mundoro will be the initial operator of the Timok North Projects. A management committee has been formed and is comprised of two representatives from each of Mundoro and JOGMEC.

Summary of activity:

Northern Licenses under JOGMEC Agreement

- **Zeleznik** license is a 60 sq.km area located directly north of the Majdanpek mine and 45km northwest of the Bor Mine Complex. The southern end of the property has anomalous Cu-Mo-Au geochemical results related to andesite-diorite porphyry intrusions: (i) the western anomaly is 600m x 450m and is open to the north and south, and (ii) the eastern anomaly is 300m x 300m dipping under a limestone cap to the northeast. In 2015 the Company applied and was granted a 2 year extension of Zeleznik exploration license.

  Successful completion of the first phase drilling program demonstrated that surface mineralisation at both the East Zone and West Zone targets remains open at depth and along strike. The initial results are encouraging and confirmed the presence of porphyry and related massive sulphide mineralisation. Additional channel sampling was carried out at the East Zone target in order to continue the validation of the Cu-Au-Mo soil anomaly which is now 500m x 350m in size. Results demonstrate that mineralisation is expanding to the northeast with intersection of **32m @ 0.34% Cu and 0.42g/t Au**; to the south with **13m @ 2.6% Cu and 0.13 g/t Au** and **30m @ 0.10%Cu and 0.66 g/t Au**. The high grade intervals are hosted at the diorite porphyry - limestone contact as well as within the porphyry itself.

  The company collected 394 soil samples to follow up the anomalous stream sediment catchment areas and the reconnaissance soil anomalies previously delineated at the northern part of the license. The new results highlighted a Cu-Au-Mo anomalous area approximately 800m x 600m which needs follow-up work to reveal the source of the anomaly.

  The exploration at Zeleznik continues to be focused on the porphyry and massive sulphide mineralization at the southern end of the license. The Company has planned additional mapping, trenching and geophysical surveys to further define the geometry of the discovered mineralisation. Planned additional drilling at the Eastern Zone will aim to test the diorite porphyry – limestone contact to intersect the downward massive sulphide projections of the highest-grade surface gossan as well as the porphyry mineralisation at depth. The Western Zone target will continue with fence drilling to test the vertical and along strike extent of the porphyry mineralisation.

  During the first quarter of 2016, the Company has started an IP-resistivity geophysical survey over the West Zone porphyry and East Zone massive sulphide mineralisation in order to guide and focus further planned drilling in these zones. At the end of the quarter a total of 18.2-line km have been measured out of 25.6-line km planned. The same amount (25.6-line km) of a CSAMT (controlled source audio-magneto telluric) survey is planned to start upon completion of the IP-resistivity survey which will cover the same area.

  Geophysical results are expected in Q2 2016 with drilling expected to commence in Q3 2016.

- **Dubrava** license totals 51 sq.km and wrapping around the eastern side of the Bor Mine Complex and the Veliki

Kreveli open pit mining operation, in the highly prospective, world-class TMC. The 2015 exploration activity consisted of a CSAMT geophysical survey over the southern portion of the license in order to explore the hydrothermal breccia intersected in drillhole BJ04 from the 2013 drilling program and continued along strike of regional structures controlling the Bor and Krivelj Cu-Au epithermal and porphyry orebodies. The results highlighted a low resistivity anomaly in the vicinity of drillhole BJ04 which is 250m wide and open to the west. The low resistivity anomaly may be associated with fractured and clayey volcanic rocks or hydrothermal volcanic breccia within the NNW fault zone.

- An additional gravity and IP -resistivity geophysical surveys are planned for Q2 2016 to better define the nature of the anomaly and to plan drill targets. A total of 6.4-line km along 4 profile lines spaced at 50m are planned for Q2 2016. The gravity survey is planned at regular 200m x 200m grid over both Dubrava and the adjacent Padina area. Total of 590 stations will be measured which will cover approximately 20 sq. km

  The application for a 3 year extension of the Dubrava exploration license was submitted in Q1 2016.

- **Padina** license is located 4km east of the Bor Mine Complex and totals 12 sq.km with the potential to host a large sediment hosted Au, epithermal Au and Cu-Au porphyry style mineralization. In 2015 the Company completed a CSAMT geophysical survey over the southwestern portion of the license in order to assess the area and eventually generate drill targets related to the regional Krivelj fault known to control the Veliki Krivelj Cu-Au porphyry orebody which has been interpreted to continue along strike through both the Topla and Dubrava licenses. Results highlighted a resistivity anomaly 300m to 400m wide and followed for approximately 3.5km. An IP survey is planned for Q2 2016 to follow up on prior exploration work in the area. A total of 20.6 km line is planned along 9 profile lines spaced at 100m.

Southern Licenses available for JV

These five licenses are available for partnership with third parties. Mundoro has been approached by third parties regarding the opportunity to joint venture the Company's 100% owned Serbian properties. Although there are active 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.

Bulgaria Exploration Program

The Company's mineral exploration licenses 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 Cu-Au deposits. Key deposits in this area are Chala, Kumovgrad, 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 local Bulgarian company which Mundoro, through a 100%-owned subsidiary, owns less than a 5% equity interest.

Summary of Activity:

Exploration activity during 2015 at the Zvezda and Byalo licenses was primarily to maintain the licenses in good standing. No work was performed in the first quarter of 2016. The Company has completed the final report for the initial license terms and has applied for a 2 year extension of the Zvezda exploration license. The extension was approved in March 2016.

Mexico Exploration Program

Many of the outcropping vein type deposits in Mexico have been explored for decades and in some cases for centuries, but deeper targets under cover and peripheral to outcropping vein deposits are now considered highly prospective targets. These styles of mineralisation have generally been under explored in Mexico. The areas which Mundoro has staked are being explored by the Company for porphyry Au-Cu deposits, "Penasquito Type'' breccia pipe, carbonate replacement and manto type deposits, intrusion-related disseminated sulphide deposits, polymetallic (Au-Ag-Pb-Zn) intermediate sulphidation epithermal deposits and low sulphidation type epithermal deposits.

Summary of activity

As of March 31, 2016, the Company had filed relinquishment applications for all it Mexican properties except for Camargo. Although the confirmation of acceptance of relinquishment has not yet been received for all the properties, under the Mining Act and its regulations, the relinquishment is effective 20 calendar days after filing. All costs associated with the relinquished properties were written down at that time. To maintain the Camargo mineral concession, the Company has an ongoing annual exploration expenditure commitment and is obligated to pay approximately $4,000 semi-annually in government property tax payments. During 2016, the Company is focused on maintaining the remaining Camargo concession in good standing and preparing the property for joint ventures or another form of transaction. The Company compiled a database of the geological information which is being used for joint venture discussions.

4. RESULTS OF OPERATIONS

The Company ended the three months with $5,091,491 in cash, cash equivalents and short term investments, and has no debt.

For the three months ended March 31, 2016, the Company recorded a net loss of $427,588 ($0.01 per share) compared to a net loss of $590,220 ($0.01 per share) for the three months ended March 31, 2015. The past four quarters have seen the lowest expenditure rates for the Company in the last eight consecutive quarters (as shown in the table below) and reflects the Company's disciplined approach to reducing corporate expenses and seeking partners for exploration.

Summary of Quarterly Results

CAD$000's,	Q1/16	Q4/15	Q3/15	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14
From operations:								
Interest Income	$ 17	$ 24	$ 16	$ 28	$ 30	$ 28	$ 38	$ 39
Exploration and project evaluation	(273)	(389)	(298)	(389)	(446)	(678)	(692)	(536)
Corporate expenses (1)	(118)	(221)	(159)	(180)	(165)	(233)	(222)	(233)
Loss before other (expenses) income	(374)	(586)	(442)	(541)	(581)	(883)	(876)	(730)
Other income (expense) (2)	(54)	(143)	3	(24)	(9)	(90)	(313)	(60)
Income (loss) for the period	(428)	(729)	(439)	(564)	(590)	(973)	(1,190)	(789)
Income (loss) per share:								
Basic	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)	$ (0.02)
Diluted	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	(0.03)	(0.02)

1. Corporate Expenses include accounting and audit, corporate governance, corporate communication, and general and administrative expenses.
2. Other income (expense) includes write-down of mineral property, share-based compensation, and foreign exchange loss (gain).

(expressed in Canadian Dollars – except as noted otherwise)

Result of Operations

	For the three months ended	
	March 31 2016	**March 31 2015**
From operations:		
Interest income	17,370	30,446
Exploration and project evaluation	272,676	446,477
Corporate expenses [(1)]	118,318	164,672
Loss before other expenses (income)	373,624	580,703
Other (income) expense [(2)]	53,964	9,517
Loss for the period	(427,588)	(590,220)
Basic and diluted loss per share	$ (0.01)	$ (0.01)

	As at March 31 2016	**As at December 31, 2015**
Total Assets	6,541,479	6,976,719
Total Long Term Liabilities	Nil	Nil
Cash Dividends per Share	Nil	Nil

1. Corporate Expenses include accounting and audit, corporate governance, corporate communication, and general and administrative expenses.
2. Other income (expense) includes share-based compensation, and foreign exchange loss (gain).

Fluctuations in exploration and project evaluation costs as well as in corporate related expenditures are discussed below. The principal factors that cause fluctuations in the Company's results related to non-cash items include: (i) the timing of stock option grants; (ii) foreign exchange gains or losses; and (iii) the write-down of mineral properties.

Review of Operations for the Quarter Ended March 31, 2016 Compared to the Quarter Ended March 31, 2015

For the quarter ended March 31, 2016, the Company recorded a loss of $427,588 ($0.01 per share), compared to a net loss of $590,220 ($0.01 per share) for the quarter ended March 31, 2015. The decrease in net loss in the quarter was principally attributable to lower exploration and project evaluation costs.

Exploration and Project Evaluation Costs
During the three months ended March 31, 2016, exploration and project evaluation costs were $272,676 (March 31, 2015 – $446,477). The decrease in exploration expenditures was primarily attributable to lower costs in Serbia where exploration focused on the licenses under the Agreement with JOGMEC. Exploration on these licenses is funded by JOGMEC.

Corporate Expenses
During the three months ended March 31, 2016, corporate expenses were $118,318 (March 31, 2015 $164,672). The lower corporate expenses in the first quarter of 2016 versus the corresponding quarter in 2015 was primarily the result of lower corporate governance, general and administrative and, corporate communication costs.

(expressed in Canadian Dollars – except as noted otherwise)

Liquidity and Capital Resources

The Company's principal source of liquidity as at March 31, 2016 was cash and cash equivalents totaling $435,872 (December 31, 2015 – $495,553) and short-term investments of $4,655,619 (December 31, 2015 - $5,006,081).

The Company expects its current capital resources will be sufficient to carry its activities through the fiscal 2016 year. When required, the Company will explore appropriate financing routes which may include: issuance of share capital; funding through 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 to fund its ongoing business and exploration activities.

5. SHARE CAPITAL

As of March 31, 2016, the Company had one class of common shares issued and 43,786,776 shares outstanding. At the date of this MD&A, the Company has 43,786,776 common shares outstanding and 2,745,000 stock options granted at exercise prices ranging from $0.21 to $0.50.

6. 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 compensation for meeting attendance and services provided to the board, the Company and committees on which they sit. Executive officers, directors, employees and consultants of the Company also participate in the Company's share option program. During the three months ended March 31, 2016 the Company incurred the following expenses related to key management personnel:

	For the three months ended	
Expenses by nature:	**March 31, 2016**	**March 31, 2015**
Directors' fees	**$ 17,231**	$ 24,270
Short-term management salaries and benefits	**66,448**	95,604
Share based payments - Directors	**1,236**	9,415
Share based payments - Management	**405**	4,715
	$ 85,320	$ 134,004

7. OFF BALANCE SHEET ARRANGEMENTS

There are no off balance sheet arrangements for the Company.

8. 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 and short term investments. The Company is exposed to foreign exchange rate fluctuations in respect of cash and cash equivalents and short trem investments held in foreign currencies.

The Company is exposed to insignificant interest rate risk with respect to its cash, cash equivalents and short term investments given the extremely low market interest rates. The majority of the Company's cash has been placed with a Canadian Chartered Bank. The majority of the Company's cash equivalents are 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.

9. CHANGES IN ACCOUNTING POLICIES

Adoption of New Accounting Standards

There were no amendments to existing standards commencing January 1, 2016 that required adoption by the Company.

Future Accounting Pronouncements

A number of new standards, and amendments to standards and interpretation, will become effective subsequent to March 31, 2016. Many are not applicable to the Company and have been excluded from the discussion below. Those that are expected to be applicable to the consolidated financial statements of the Company are discussed below. The Company intends to adopt those standards when they become effective. As at December 31, 2015, the Company has not early adopted these standards and is currently assessing the impact they will have on the consolidated financial statements.

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

IFRS 11 – Joint Arrangements – Accounting for acquisitions of Interest in Joint Operations. This standard has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 – Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11, and disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured). This amended standard is effective for annual periods beginning on or after January 1, 2016.

IFRS 16 – Leases. This standard and its consequential amendments will replace *IAS 17 – Leases* and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted for entities that apply IFRS 15.

10. 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 both entities. 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.

11. 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.

12. 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:

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.

Any failure to comply with applicable laws and regulations or to obtain or maintain permits, even if inadvertent, could result in the interruption of mining, exploration and developmental operations or in material fines, penalties or other liabilities.

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.

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. With metal prices at their current levels, activity in the industry has increased dramatically. Many companies are engaged in the search for and the acquisition of mineral interests, and there is a limited supply of desirable mineral interests. The mineral exploration and mining businesses are competitive in all phases. Mundoro may be at a competitive disadvantage in acquiring interests, whether by way of investment or otherwise, as many competitors have greater financial resources and technical staff. 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 control of 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 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 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 States of Durango and Chihuahua, Mexico. Although the Company has curtailed exploration activity in Mexico, we still maintain the existing concessions. 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.

Maoling Gold Project

Mundoro owns 5% of the issued and outstanding shares of Mundoro Mining which has rights to a 79% interest in Tianli for the Maoling Gold Project located in Liaoning Province, China. Due to its 5% holdings, 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 Mining. 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.

The activities of foreign-invested mining companies in China are subject to extensive laws and regulations at the national, provincial and local level, including the Mineral Resources Law of China and regulations thereunder; laws and regulations governing foreign investment enterprises in China; and various rules and policies of the Ministry of Land and Resources. Operations of foreign-invested mining companies may be affected by such government regulations and restrictions on production as import and export controls, taxes, maintenance of claims, environmental legislation, land use, water use and safety regulations. The effect of these factors cannot be accurately predicted.

Foreign-invested mining companies are required to work within a framework which is different to that imposed on local companies. Current Chinese regulations permit foreign investment in some mineral sectors but not all. If the Chinese government should impose greater restrictions on foreign investment and on the operations of foreign-invested mining companies, Mundoro Mining's business and future earnings could be negatively affected. Mechanisms are in place to allow for repatriation of profits and capital from certain foreign-invested mining companies, however there is no certainty that some or all future local currency or capital can be repatriated.

Foreign exchange transactions under Mundoro Mining's capital account, including principal payments in respect of foreign currency-denominated obligations, continue to be subject to significant foreign exchange controls and require the approval of the State Administration of Foreign Exchange. These limitations could affect Mundoro Mining's ability to obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures. Any appreciation of the Chinese Yuan ("RMB") may adversely affect Mundoro Mining's earnings, through higher foreign currency denominated operating costs.

The Chinese legal system is a system based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. Because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. In addition, as the Chinese legal system develops, changes in such laws and regulations, their interpretation or their enforcement may have a material adverse effect on Mundoro Mining's business operations since the Maoling Gold Project is located in China and, consequently, if a dispute were to arise between Mundoro Mining and its joint venture partners or any third party Mundoro Mining would be obliged to depend on the courts of China for adjudication.

The legal rights of Mundoro Mining to participate in the joint venture are predicated on Mundoro Mining being able to enforce its rights under the Joint Venture Contract governed by the laws of the People's Republic of China ("PRC"). Should it become necessary for Mundoro Mining to seek to enforce its legal rights under the Joint Venture Contract, it would need to do so in accordance with the laws of at least the PRC and perhaps other jurisdictions. There can be no assurance that should it become necessary for Mundoro Mining to take such legal action, it will be possible to obtain the legal remedies that are being sought.

13. QUALIFIED PERSONS & INFORMATION CONCERNING ESTIMATES OF RESOURCES

On September 30, 2011, Mundoro announced the completion of the National Instrument 43-101 ("NI 43-101") compliant technical report on the Company's 100%-owned Cuencame Property (the "Cuencame Technical Report"), which covers approximately 45,215 hectares (452 sq.km) in three mineral licenses. The Cuencame Technical Report was independently compiled and submitted by Geologica Groupe-Conseil Inc. ("Geologica") of Val-d'Or, Quebec, Canada. The report was prepared under the direction and oversight of Messrs. Alain-Jean Beauregard, P. Geol., and Daniel Gaudreault, ing., Geol., each of them a Qualified Person as defined by NI 43-101. The Cuencame licenses are located in the Cuencame District in the States of Durango and Coahuila, Mexico.

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.

MUNDORO

Consolidated Financial Statements

For the Three Months Ended March 31, 2016 and 2015

Expressed in Canadian Dollars

Mundoro Capital Inc.

(An exploration stage company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at		March 31, 2016		December 31, 2015
ASSETS				
Current assets				
Cash and cash equivalents	$	**435,872**	$	495,553
Short-term investments		**4,655,619**		5,006,081
Amounts receivable (note 5)		**48,565**		57,725
Deposits		**19,979**		19,895
Prepaid expenses		**96,251**		76,294
		5,256,286		**5,655,548**
Non-current assets				
Restricted cash (note 4)	$	**423,684**	$	438,054
Mineral interests (note 8)		**444,911**		459,623
Equipment and vehicles (note 7)		**72,234**		79,130
Investments (note 6)		**344,364**		344,364
		1,285,193		**1,321,171**
TOTAL ASSETS	$	**6,541,479**	$	**6,976,719**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 10 & 12)	$	**331,278**	$	284,929
TOTAL LIABILITIES	$	**331,278**	$	**284,929**
EQUITY				
Share capital (note 11)	$	**45,801,709**	$	45,801,709
Contributed surplus		**8,865,334**		8,865,334
Stock options reserve		**633,116**		631,139
Accumulated Other Comprehensive Income		**75,336**		131,314
Deficit		**(49,165,294)**		(48,737,706)
TOTAL EQUITY	$	**6,210,201**	$	**6,691,790**
TOTAL EQUITY AND LIABILITIES	$	**6,541,479**	$	**6,976,719**

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

These consolidated financial statements are authorized for issue by the Board of Directors on May 24, 2016.

They are signed on the Company's behalf by:

/s/ Michael Calyniuk Director *Director*   */s/ Teo Dechev Director*

Mundoro Capital Inc.

(An exploration stage company)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	For the three months ended March 31, 2016	For the three months ended March 31, 2015
Interest income	$ 17,370	$ 30,446
EXPENSES		
Exploration and project evaluation (note 9)	272,676	446,477
Corporate governance	57,680	82,484
General and administrative	9,518	24,281
Accounting and audit	36,347	22,770
Corporate communication	14,773	35,137
	390,994	611,149
LOSS BEFORE OTHER EXPENSES	373,624	580,703
OTHER (INCOME) EXPENSES		
Share-based payments (note 11(c))	1,977	18,519
Depreciation (note 7)	7,155	7,170
Foreign exchange (gain) loss	44,832	(16,172)
Loss on disposal of fixed assets	-	-
Write-down of mineral properties	-	-
	53,964	9,517
NET LOSS FOR THE YEAR	427,588	590,220
OTHER COMPREHENSIVE (INCOME) WHICH MAY BE RE-CLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Foreign currency translation differences for foreign operations	55,978	42,377
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ 483,566	$ 632,597
Loss per share		
Basic and diluted loss per share:	$ (0.01)	$ (0.01)

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

Mundoro Capital Inc.

(An exploration stage company)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of shares	Amount	Contributed Surplus	Stock options reserve	Accum. Other Comprehensive Income	Deficit	Total
Balance at December 31, 2014	**43,786,776**	**$ 45,801,709**	**$ 8,862,637**	**$ 591,474**	**$ 45,191**	**$ (46,415,916)**	**$ 8,885,095**
Reclassification of grant-date fair value on expired options	-	-	2,697	(2,697)	-	-	-
Share-based payments (Note 11(c))	-	-	-	42,362	-	-	42,362
Net comprehensive income (loss) for the year	-	-	-	-	86,123	(2,321,790)	(2,235,667)
Balance at December 31, 2015	**43,786,776**	**45,801,709**	**8,865,334**	**631,139**	**131,314**	**(48,737,706)**	**6,691,790**
Balance at December 31, 2015	**43,786,776**	**$ 45,801,709**	**$ 8,865,334**	**$ 631,139**	**$ 131,314**	**$ (48,737,706)**	**$ 6,691,790**
Share-based payments (Note 11(c))	-	-	-	1,977	-	-	1,977
Net comprehensive loss for the year	-	-	-	-	(55,978)	(427,588)	(483,566)
Balance at March 31, 2016	**43,786,776**	**$ 45,801,709**	**$ 8,865,334**	**$ 633,116**	**$ 75,336**	**$ (49,165,294)**	**$ 6,210,201**

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

Mundoro Capital Inc.
(An exploration stage company)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the three months ended March 31, 2016	March 31, 2015
Cash flows provided from (used in):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (427,588)**	**$ (590,220)**
Adjustments for items not affecting cash:		
Depreciation	7,156	7,171
Share-based payments	1,977	18,519
	(418,455)	**(564,530)**
Net changes in non-cash working capital items:		
Amounts receivable	1,712	70,926
Prepaid expenses	(21,263)	13,196
Deposits	(364)	1,582
Accounts payable and accrued liabilities	48,715	(80,360)
Net cash flows (used in) operating activities	**(389,655)**	**(559,185)**
FINANCING ACTIVITIES		
Net cash flows from financing activities	**-**	**-**
INVESTING ACTIVITIES		
Expenditures on resource properties	(405)	(2,364)
Net proceeds on redemption and purchase of short-term investments, net of interest earned	350,462	697,256
Purchase of equipment	(2,186)	(6,410)
Proceeds on disposition of asset	-	1,715
Net cash flows from investing activities	**347,871**	**690,197**
Effects of exchange rate changes on cash and cash equivalents	**(17,897)**	**(22,965)**
Net increase in cash and cash equivalents	**(59,681)**	**108,046**
Cash and cash equivalents, beginning of year	**495,553**	**86,474**
Cash and cash equivalents, end of year	**$ 435,872**	**$ 194,520**

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

1. NATURE OF OPERATIONS

Mundoro Capital Inc. (the “Company” or “MCI” or “Mundoro”) is an exploration, development and investment company operating in the mineral resource sector. The Company’s current exploration activity is focused on the Tethyan Belt of Serbia and Bulgaria in Southeastern Europe, and in Mexico. The business of exploration and development involves a high degree of risk and there can be no assurance that current exploration and development programs will result in discovery or future profitable operations.

The Company was incorporated on March 6, 2008 under the Business Corporations Act of the Province of British Columbia for the purpose of acquiring all of the shares of Mundoro Mining Inc. (“MMI”), through a Plan of Arrangement. The Company’s common stock is quoted on the TSX Venture Exchange (“TSXV”) under the symbol MUN.

The Company’s head office and principal address is 15th floor - 1040 West Georgia Street, Vancouver, British Columbia, Canada V6E 4H1.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) Statement of compliance with International Financial Reporting Standards

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

b) Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis.. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Adoption of new accounting standards

There were no amendments to existing standards commencing on January 1, 2016 that required adoption by the Company.

d) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. The Company’s principal wholly owned subsidiaries are:

- Stara Planina Resources d.o.o., located in Serbia, which holds eight exploration licenses;
- Bulgaria Alpha EAD, which holds three exploration licenses in Bulgaria; and
- Mundoro de Mexico S.A. de C.V., which holds nine mineral concessions located in the Mesa Central belt of Mexico.

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

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

e) Foreign currency translation

These consolidated financial statements are presented in CAD$. The functional currency of the Company and its controlled entities are measured using the currency of the primary economic environment in which each entity operates. The functional currency of the Canadian entity, Mexican entity, Bulgarian entity and Serbian entity are the Canadian dollar (CAD$), Mexican peso (MXN), Bulgarian Lev (BGN) and Serbian dinar (RSD), respectively.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the related entity using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

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

Presentation Currency:

The financial results and position of the entities whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded in accumulated other comprehensive income in the statement changes in shareholders' equity. These differences are recognized in the statement of loss and comprehensive loss in the period in which the operation is disposed of.

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

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

g) Mineral Interests (continued)

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 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 comprehensive loss.

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 payment expense with a corresponding increase in equity.

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

j) Financial instruments

Financial Assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, loans and receivables, fair value through profit or loss ("FVTPL") or at available-for-sale.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has classified its cash and cash equivalents, short-term investments, deposits, and restricted cash, and amounts receivable as loans and receivables.

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

j) *Financial instruments (continued)*
Financial Assets (continued)

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss. The Company has classified its investments as available-for-sale as the underlying assets are not publicly traded nor does the Company have any intention to sell these investments in the near future. The Company reviews its investment valuations for impairment annually considering factors such as dividends, profitability and underlying asset value.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial Liabilities
Financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or classified as other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

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

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

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

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

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

Changes in deferred tax assets or liabilities are recognized as a component of tax income 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.

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

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

m) Management judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are regularly evaluated and are based on management's experience and other factors including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgement that the Company has made in the preparation of the financial statements that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities:

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. During the year ended December 31, 2015, the company made the decision to drop the Chuprene property in Bulgaria (see note 8).

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards, will become effective subsequent to December 31, 2015. Those that are expected to be applicable to the consolidated financial statements of the Company are discussed below.

IFRS 9 – Financial Instruments. This standard and its consequential amendments will replace *IAS 39 Financial Instruments*: *Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

FRS 11 – Joint Arrangements – Accounting for acquisitions of Interest in Joint Operations. This standard has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 – Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11, and disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in a joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not re-measured). This amended standard is effective for annual periods beginning on or after January 1, 2016.

IFRS 16 – Leases. This standard and its consequential amendments will replace *IAS 17 – Leases* and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

(Expressed in Canadian Dollars)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

The Company has not adopted these standards early and is currently assessing the impact they will have on the consolidated financial statements. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. RESTRICTED CASH

		March 31, 2016		December 31, 2015
Mineral Property Guarantee Deposits	**$**	**423,684**	**$**	**438,054**

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

5. AMOUNTS RECEIVABLE

		March 31, 2016		December 31, 2015
Amounts Receivable				
VAT/GST Receivable	$	42,581	$	39,748
Trade Receivable		5,984		17,977
	$	**48,565**	**$**	**57,725**

6. INVESTMENTS

China

On October 11, 2011, the Company completed a strategic transaction with China National Gold Group Hong Kong Limited ("CNGHK"). Pursuant to the share purchase agreement, CNGHK acquired 95% of the issued and outstanding shares of MMI, the Company's previously wholly-owned subsidiary, for a cash purchase price of $13,800,000, with the Company retaining 5% of the issued and outstanding shares of MMI.

The Company has not been informed by MMI (a private Canadian Company controlled by CNGHK) of any change in (i) status of the licenses for the Maoling Gold Project or (ii) any loan or guarantee provided by CNGHK to MMI. The investment represents the retained 5% ownership interest in MMI. As at March 31, 2016, the balance of the investment was $63,511 (December 31, 2015 - $63,511).

(Expressed in Canadian Dollars)

6. INVESTMENTS (continued)

Bulgaria

On June 10, 2013, the Company, through a 100%-owned subsidiary, acquired at a cost of $280,853 less than a 5% equity interest in a privately held gold producing company in Bulgaria that operates adjacent to the Company's Zvezda license. As at March 31, 2016, the Company performed an impairment assessment and did not identify any indication that the carrying value of the investment is impaired.

Available for Sale Investments		March 31, 2016		December 31, 2015
Investment in China	**$**	**63,511**	$	63,511
Investment in Bulgaria		**280,853**		280,853
	$	**344,364**	**$**	**344,364**

7. EQUIPMENT AND VEHICLES

		Office Equipment		Field equipment		Total
Cost						
As at December 31, 2014	**$**	**50,821**	**$**	**143,479**	**$**	**194,300**
Additions		-		6,511		6,511
Disposals		-		(4,974)		(4,974)
Effect of movements in exchange rates	$	438	$	9,599		10,037
As at December 31, 2015	**$**	**51,259**	**$**	**154,615**	**$**	**205,874**
Additions		2,186		-		2,186
Disposals		-		-		-
Effect of movements in exchange rates		(219)		(5,220)		(5,439)
Balance at March 31, 2016	**$**	**53,226**	**$**	**149,395**	**$**	**202,621**
Accumulated depreciation						
As at December 31, 2014	**$**	**(27,048)**	**$**	**(67,503)**	**$**	**(94,551)**
Depreciation for the year		(7,051)		(22,292)		(29,343)
Disposals		-		3,168		3,168
Effect of movements in exchange rates	$	(310)	$	(5,708)		(6,018)
As at December 31, 2015	**$**	**(34,409)**	**$**	**(92,335)**	**$**	**(126,744)**
Depreciation for the year		(1,538)		(5,618)		(7,156)
Disposals		-		-		-
Effect of movements in exchange rates		166		3,347		3,513
Balance at March 31, 2016	**$**	**(35,781)**	**$**	**(94,606)**	**$**	**(130,387)**
Net book amount						
As at December 31, 2015	$	16,850	$	62,280	$	79,130
Balance at March 31, 2016	**$**	**17,445**	**$**	**54,789**		**72,234**

(Expressed in Canadian Dollars)

8. MINERAL INTERESTS

	European Projects	Mexico Projects	Total
Balance as at December 31, 2015	**$ 452,753**	**$ 6,870**	**$ 459,623**
Add:			
Acquisition costs	405	-	405
Less:			
Write-down	-	-	-
Reduction on return of deposit	-	-	-
Add:			
Effect of movements in exchange rates	(14,699)	(418)	(15,117)
Balance at March 31, 2016	**$ 438,459**	**$ 6,452**	**$ 444,911**

Serbian Properties

The Company holds eight (2014 – eight) 100%-owned exploration licenses which include: (i) Zeleznik, (ii) Padina (formerly Topla), (iii) Borsko Jezero, (iv) Savinac, (v) Bacevica, (vi) Osnic, (vii) Sumrakovac, and (viii) Dubrava-Ostrelj. These properties are located in Northeastern Serbia east of Belgrade and are held in the name of Stara Planina d.o.o., Mundoro's 100%-owned Serbian company. During the third quarter of 2015 the Company submitted an application for the Padina exploration license. The costs of acquiring the license for this area was capitalized in Q3 2015. To maintain title to the exploration licenses in Serbia, the Company has ongoing annual exploration expenditure commitments and is obligated to pay annual property taxes ($62,400 in 2015) to the government.

On June 8, 2015, the Company reported that it had entered into an Option Agreement (the "Option Agreement") with First Quantum Minerals Ltd. ("FQM") pursuant to which FQM has been granted an option to enter into a joint venture agreement with the Company on four of the Company's exploration licenses which include Savinac, Sumrakovac, Bacevica and Osnic (the "Southern Timok Properties") located at the southern end of the Timok Magmatic Complex in northeastern Serbia. In December 2015, FQM elected not to enter into a joint venture agreement. FQM covered the drilling and related costs during its option period for the Southern Timok Properties. The drilling and geophysics work paid for by FQM has met all of the Comany's property commitments on the Southern Timok Properties until 2016 and identified further targets for exploration.

On March 7, 2016, the Company reported it has entered into a binding Interim Agreement ("Agreement") with Japan Oil, Gas and Metals National Corporation ("JOGMEC"), in which it has granted to JOGMEC an earn-in option on three of the Company's exploration licenses: Dubrava-Ostreli, Padina and Zeleznik (the "Timok North Projects") located within the Timok Magmatic Complex in northeastern Serbia. Pursuant to the Agreement, the Company has granted to JOGMEC the following earn-in and option rights to the Timok North Projects. JOGMEC may earn a 51% interest in the Timok North Projects by making US$3 million in expenditures within two years (March 2018). JOGMEC is under a firm commitment to expend US$1 million of this amount within one year (March 2017). Following the Stage One Earn-in, JOGMEC has a right to acquire an additional 24% interest in the Timok North Projects, for a total of 75% interest, by funding the completion of a Feasibility Study (up to US$32 million) by the eighth anniversary of the Agreement (March 2024). On completing the Stage Two Earn-In, JOGMEC will have a right, exercisable for a period of 60 days, to purchase an additional 5% interest in the Timok North Projects from the Company, for a total of 80% interest. The purchase price for the 5% interest will be determined by an independent appraisal of fair market value. JOGMEC will be responsible for future expenditures on the project through to production if it completes Stage Two, including the Company's share of capital expenditures. The Company's portion of capital expenditures shall be repaid from 50% of the cash flow that the Company would otherwise be entitled to receive on a pro rata basis from the joint venture. If either party dilutes below 10%, their interest will convert into a 2% NSR of which up to 1% NSR will be re-purchasable for a total of US$4 million. The Company will be the initial operator of the Timok North Projects. A management committee has been formed and is comprised of two representatives from each of the Company and JOGMEC.

Bulgarian Properties

The Company holds two (2015 – two) 100%-owned exploration licenses which include: (i) Zvezda and (ii) Byalo. The Zvezda and Byalo licenses are located in the Southeastern Rhodopes region. During Q3 2015 the Company submitted an application to the Bulgarian Ministry of Mining for a new exploration license (Krusha). At March 31, 2016 the application had not yet been awarded. To maintain title to the exploration licenses in Bulgaria, the Company has ongoing annual exploration expenditure commitments and is obligated to pay annual property taxes ($23,600 in 2015) to the government for the exploration contracts. The Company wrote down approximately $90,000 of capitalized acquisition costs in 2015 relating to the decision to drop the Chuprene property in Bulgaria.

Mexico Properties

As of March 31, 2016, the Company had filed relinquishment applications for all its Mexican properties except for Camargo. Although the confirmation of acceptance of relinquishment has not yet been received for all the properties, under the Mining Act and its regulations, the relinquishment is effective 20 calendar days after filing. All costs associated with the relinquished properties were written down at that time. To maintain the Camargo mineral concession, the Company has an ongoing annual exploration expenditure commitment and is obligated to pay approximately $4,000 semi-annually in government property tax payments.

(Expressed in Canadian Dollars)

9. EXPLORATION AND PROJECT EVALUATION

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

	Europe				
	Serbia	Bulgaria	Mexico	Other Project Evaluation	Total
For the three months ended March 31, 2016					
Corporate [1]	$ 12,219	$ 12,493	$ 10,333	$ -	$ 35,045
Land holding [2]	12,458	5,747	3,931	-	22,136
Government and community relations [3]	2,262	490	-	-	2,752
Field related [4]	18,191	2,694	-	-	20,885
Personnel [5]	100,527	17,131	-	-	117,658
Technical Services [6]	8,864	1,855	-	-	10,719
Project evaluation [7]	32,078	3,091	-	28,312	63,481
	$ 186,599	$ 43,501	$ 14,264	$ 28,312	$ 272,676
For the three months ended March 31, 2015					
Corporate [1]	$ 30,471	$ 28,324	$ 7,425	$ -	$ 66,220
Land holding [2]	54,469	4,368	4,214	-	63,051
Government and community relations [3]	12,538	445	-	-	12,983
Field related [4]	17,317	4,113	224	-	21,654
Personnel [5]	94,558	48,213	-	-	142,771
Technical Services [6]	30,647	297	-	-	30,944
Project evaluation [7]	56,012	12,991	4,614	35,237	108,854
	$ 296,012	$ 98,751	$ 16,477	$ 35,237	$ 446,477

1) Corporate expenses include legal fees, and general and administrative costs related to the projects.
2) Land holding costs include property taxes and related costs associated with holding the properties.
3) Government and community relations relates to the costs of communicating with governing bodies in the local jurisdictions.
4) Field related expenses include items such as field equipment costs, and lodging for field personnel.
5) Personnel costs for conducting exploration work include consultants and employees, full-time and allocated.
6) Technical Services expenditures include activities such as geochemical sampling and assaying, geophysical surveys and interpretation, and drilling and assaying.
7) Project evaluation expenditures capture those costs incurred in analysis of existing mineral projects and evaluating new mineral project opportunities.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2016	December 31, 2015
Trade payables	$ 193,716	$ 172,864
Accrued liabilities	137,562	112,065
	$ 331,278	$ 284,929

(Expressed in Canadian Dollars)

11. SHARE CAPITAL

a) Authorized share capital
Unlimited number of common shares without par value.

b) Issued share capital
At March 31, 2016 there were 43,786,776 issued and fully paid common shares (December 31, 2015 – 43,786,776).

c) Stock options
At the Company's 2009 Annual General Meeting ("AGM"), the shareholders approved a stock option plan for the Company's directors, officers, employees and consultants. The stock option plan was approved by shareholders on May 27, 2011, and amended by the Board on March 26, 2012.

The changes in options during the three months ended March 31, 2016 were as follows:

	March 31, 2016		
	Number outstanding		Weighted average exercise price
Opening Balance, January 1, 2016	**2,815,000**	**$**	**0.35**
Granted	-		-
Excercised	-		-
Expired	(50,000)		0.59
Cancelled	(20,000)		0.30
Forfeited	-		-
Closing Balance, March 31, 2016	**2,745,000**	**$**	**0.34**

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

c) *Stock options (continued)*

The following summarizes information about stock options outstanding and exercisable at March 31, 2016:

Expiry date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining contractual life (in years)
August 3, 2016	500,000	500,000	0.50	0.34
November 28, 2016	150,000	75,000	0.31	0.66
February 7, 2017	37,500	37,500	0.41	0.86
April 3, 2017	225,000	225,000	0.37	1.01
May 21, 2017	300,000	300,000	0.38	1.14
November 14, 2017	70,000	70,000	0.34	1.62
April 3, 2018	177,500	177,500	0.28	2.01
December 2, 2018	797,500	797,500	0.30	2.67
January 13, 2020	487,500	325,000	0.21	3.79
	2,745,000	**2,507,500**		**1.94**

The estimated value of the options granted during the three months ended March 31, 2016 and 2015 was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	For the three months ended	
	March 31, 2016	**March 31, 2015**
Risk-free interest rate	N/A	1.02%
Expected annual volatility	N/A	61% - 64%
Expected life (in years)	N/A	3 - 5
Expected dividend yield	N/A	0%
Grant date fair value per option	N/A	$0.05 - $0.08

During the three months ended March 31, 2016, the Company recognized share-based payments expense of $1,977 (2015 – $18,519). For the years ended March 31, 2016 and 2015, share-based payments expense related to the stock options consists of the following:

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

c) Stock options (continued)

	For the three months ended	
	March 31, 2016	**March 31, 2015**
For services in respect of:		
Exploration and project evaluation	**$ 559**	$ 7,313
Corporate governance	**1,236**	9,646
Accounting and audit	**81**	1,011
Corporate communication	**101**	549
	$ 1,977	$ 18,519

12. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payables and accrued liabilities were $45,214 as at March 31, 2016 (December 31, 2015 – $36,839). These amounts are for reimbursement of expenses and service fees.

b) Related party transactions

	For the three months ended	
Expenses by nature:	**March 31, 2016**	**March 31, 2015**
Directors' fees	**$ 17,231**	$ 24,270
Short-term management salaries and benefits	**66,448**	95,604
Share based payments - Directors	**1,236**	9,415
Share based payments - Management	**405**	4,715
	$ 85,320	$ 134,004

(Expressed in Canadian Dollars)

13. COMMITMENTS

Office Lease

In December of 2014, the Company entered into a 3 year lease agreement ending March 31, 2018. In August 2015, the Company signed a sublease agreement over the remaining period of the lease to cover 90% of the lease costs and entered into a month-to-month agreement to rent office space at rate that is 10% of the lease. The Company also has leased offices in Serbia and Bulgaria and rented storage space in Mexico. The Mexican storage and Bulgarian office can be terminated with 30 days' notice while the lease agreement for the office in Serbia can be terminated with 60 days' notice. As of March 31, 2016, the minimum obligations under these leases are as follows:

	Canada	Mexico	Europe	Total
2016	**54,864**	**-**	**-**	**54,864**
2017	**73,152**	**-**	**-**	**73,152**
2018	**18,288**	**-**	**-**	**18,288**
	$ 146,304	**$ -**	**$ -**	**$ 146,304**

During the three months ended March 31, 2016, $12,114 of lease payments have been recognized as an expense (2015 - $25,166).

14. SEGMENTED INFORMATION

The Company has the following geographic segments: the Mexico exploration program ("Mexico"), the Serbian and Bulgarian exploration programs ("Europe") and, corporate administrative functions in Canada. The Company's total assets and net losses by geographic segment are as follows:

	Canada	Mexico	Europe	Total
Assets				
Balance at March 31, 2016				
Non-current	$ 96,549	$ 6,453	$ 1,182,191	**$ 1,285,193**
Current	5,084,323	61,706	106,205	**5,252,234**
Total Assets	$ 5,180,872	$ 68,159	$ 1,292,448	**$ 6,541,479**
As at December 31, 2015				
Non-current	$ 95,616	$ 6,870	$ 1,218,685	**$ 1,321,171**
Current	5,461,143	75,472	118,933	**5,655,548**
Total Assets	$ 5,556,759	$ 82,342	$ 1,337,618	**$ 6,976,719**
Net loss for the period:				
For the three months ended March 31, 2016	$ 242,216	$ 14,264	$ 171,108	**$ 427,588**
For the three months ended March 31, 2015	$ 403,820	$ 5,518	$ 180,882	**$ 590,220**

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company continuously reviews the shareholders' equity, cash and cash equivalents. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, and acquire or dispose of assets to adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including but not limited to source and use of capital and general industry conditions.

The Company expects its current capital resources will be sufficient to carry its activities through the current operating period.

16. FINANCIAL INSTRUMENTS

a) Financial Risk Management

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

Credit risk

The Company is exposed to credit risk with respect to its cash, cash equivalents and short-term investments. 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 major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash and short term investments as the majority of the amounts are held at a single Canadian financial institution. The Company's concentration of credit risk and maximum exposure thereto is as follows:

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS (continued)

a) *Financial Risk Management (continued)*

		March 31, 2016		December 31, 2015
Held at major Canadian financial institutions:				
Cash	$	340,777	$	364,862
Guranteed Investment Certificate		4,655,619		5,006,081
		4,996,396		**5,370,943**
Held at major Mexican financial institution:				
Cash	$	45,552	$	59,180
Held at major European financial institutions:				
Cash	$	49,543	$	71,511
Total cash and short-term investments	**$**	**5,091,491**	**$**	**5,501,634**

The credit risk associated with cash is minimized by ensuring the majority of these financial assets are in commercial paper, bankers' acceptances and other money market instruments insured by Canadian Federal and Provincial governments and other entities with a Dominion Bond Rating Service credit rating of R1M or higher.

The Company is exposed to certain risks associated with receivables held in foreign jurisdictions. Management believes these risks are not significant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk requirements for its exploration, development and other corporate activities, and ensuring that it has sufficient cash and cash equivalents on hand to meet its short-term business requirements. Management and the Board of Directors annually review, plan and approve annual budgets and significant expenditures and commitments. The Company believes that it has sufficient cash, cash equivalents and short-term investments to meet its short-term business requirements. In the long-term, the Company may have to raise funds through the issuance of equity, assumption of debt, or other financing alternatives to complete development of its current projects and any projects acquired by the Company in the future. There are no assurances that the Company would be successful in its efforts to secure any required future financing.

The Company maintained sufficient cash and cash equivalents, and short-term investments at March 31, 2016 in the amount of $435,872 and $4,655,619 respectively, in order to meet short-term business requirements. At March 31, 2016 the Company had accounts payable and accrued liabilities of $331,278, which are expected to be paid within three months.

16. FINANCIAL INSTRUMENTS (continued)

b) *Financial Risk Management*

Market Risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash, cash equivalents and, short-term investments primarily include highly liquid investments that earn interest at market rates that are fixed to maturity. The Company also holds a portion of cash and cash equivalents in bank accounts that earn variable interest rates. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2016. As at March 31, 2016, the Company holds $4,655,619 in short-term investments and interest bearing cash deposits. Based on this net exposure as at March 31, 2016, and assuming that all other variables remain constant, a 10% change in the interest rate the Company is currently receiving would result in an increase or decrease of approximately $3,249 in the Company's net loss.

Currency risk

The Company primarily operates in Canada, Mexico, Serbia, Bulgaria and The Netherlands, and its expenses are incurred in CAD$, US$, MXN, EUR, BGN and RSD, whereas the functional currency of the Canadian entity, Mexican entity, Bulgarian entity and Serbian entity are the CAD$, MXN, BGN and RSD, respectively. The Company is affected by currency transaction risk, which may affect the Company's operating results as exchange rates fluctuate. The Company has not hedged its exposure to currency risk.

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