Consolidated Year End Financial Statements

For the Years Ended December 31, 2010 and 2009

(Expressed in Canadian Dollars, Except Where Otherwise Noted)

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Mindoro trades on the TSX Venture Exchange under the symbol MIO;
on the Australian Securities Exchange under the symbol MDO;
on the Frankfurt Stock Exchange under the symbol OLM

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1. GENERAL

This discussion and analysis of financial position and results of operation is prepared as at February 28, 2011, and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2010 and December 31, 2009 which have been prepared in accordance with Canadian generally accepted accounting principals. All amounts are expressed in Canadian dollars, unless otherwise indicated. Additional information related to the Company can be found on SEDAR at www.sedar.com

2. FORWARD LOOKING INFORMATION

Statements contained in this document that are not historical facts are regarded as forward-looking statements. These statements may involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences, without being limited to the following, include: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; unexpected variations in geological conditions of a property or erroneous geological data; environmental risks including increased regulatory constraints; unexpected adverse mining conditions; adverse political conditions and changes in government regulations and policies. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company will not necessarily update forward-looking statements unless the Company is required to by applicable securities laws.

3. NATURE OF OPERATIONS

Mindoro Resources Ltd.'s (the "Company" or "Mindoro") principal activity is the acquisition, exploration and development of mineral properties in the Philippines.

Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable resources. The recoverability of the amounts shown for mineral property interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete exploration and development programs and ultimately upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, an underlying assumption being that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

The continued existence of the Company is dependent upon its ability to obtain additional sources of financing or negotiate appropriate farm-in arrangements, to fund current and future exploration and administrative expenditures, to meet obligations to preserve its interests in existing mineral properties and to achieve commercial production and positive cash flows from operations. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern.

If the going concern assumption was not appropriate to these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities and reported revenues and expenses.

4. OVERVIEW FOR QUARTER ENDED 31ST DECEMBER 2010

FINANCE

On the 26th of November 2010 the company closed a prospectus offering in Australia that raised A$8,000,000 from the sale of 40 million CHESS Depository Interests (CDIs) and concurrently raised C$2,000,000 through the sale of 10 million shares to the IFC, a member of the World Bank Group. Mindoro commenced trading on the ASX (ASX:MDO) on the 7th December 2010.

The net proceeds of the two offerings will be used to advance pre-feasibility and feasibility studies for a staged and integrated nickel processing operation at the Company's Agata Nickel Project; to further increase the nickel resource through drilling the regional Exploration Target, and to advance the portfolio of gold and copper-gold projects through drilling.

As of December 31, 2010, the Company's cash position was $9,907,882 up from $581,362 as at December 31, 2009. Working capital at December 31, 2010, was $9,429,195 as compared to $440,620 at December 31, 2009.

AGATA NICKEL PROJECT DEVELOPMENT STRATEGY

The company is progressing a two stage development strategy including thermally upgraded direct shipping ore followed by a low operating-cost nickel processing operation based on established acid leaching technology.

On October 6th 2010 the company announced the results of the Agata Nickel Project Scoping Study that provided a preliminary assessment of the economics of three processing options, including a base case High Pressure Acid Leach (HPAL) – Atmospheric Leach (AL) and Saprolite Neutralisation (SN) project ($2.50/lb Opex for 27,000t Nickel pa; 1.3Bn Capex) and an atmospheric leach only case ($3.25/lb Opex for 14,300t Ni pa, 740m Capex). The study concluded that the potential to establish a low operating cost nickel operation is subject to satisfying certain key technical factors, including the conversion of the regional Exploration Target to sufficient mineral resources to support an economic project life. The Company is currently examining a smaller scale approach to the base case processing project, based on the current Agata resource and results of the metallurgical testing program (see below). A preliminary economic assessment into the preferred development model is scheduled for completion Q1 2011, prior to the commencement of a pre-feasibility study.

On December 13, 2010 the company announced the results from a comprehensive bench scale test work program on Agata samples by SGS Lakefield Oretest [a NATA accredited laboratory] in Perth. The hydrometallurgical test results demonstrated exceptionally fast leaching rates with high nickel and cobalt recoveries. HPAL testing extracted approximately 98 percent of the nickel and 95-96 percent of the cobalt from limonitic material within 20 minutes. This leaching rate is 50 percent faster for HPAL processing than previously assumed in the scoping study announced on October 2, 2010. With half the leaching time, the HPAL circuit throughput could be doubled, with higher nickel extraction than previously reported and resulting in significantly lower processing cost projections. Based on these results a second stage of testing was initiated in February 2011 with SGS Lakefield Oretest at their Canadian laboratory. The results of this testing will form the basis of the planned pre-feasibility study due to commence early in the second quarter of 2011.

In parallel with the acid leach processing work described above the company has been progressing a preliminary direct shipping ore (DSO) study which will allow the Company to develop an economic model around this stage of the project as part of the preliminary economic assessment. In addition, on the 13th of October 2010 the company announced it had completed a concept study through Hatch Associates Pty Limited, Perth, into thermal upgrading of nickel lateritic material at Agata. Thermal upgrading removes the 30% to 45% moisture content of unprocessed laterite and through reduction and other processes potentially upgrades the nickel content of the material as well as improving blending and handling properties, which, in combination, achieves a premium price over unprocessed Direct Shipping Ore (DSO) material. Based on the concept study, the company commenced bench-scale thermal upgrading testing, also at SGS Lakefield Oretest in Perth, the results of which are due by the end of the first quarter 2011. The Company is undertaking further review of markets for both DSO and thermally upgraded laterite product, and the capital and operating costs for their production, before incorporating this stage of the project into the planned pre-feasibility study.

SURIGAO REGIONAL EXPLORATION TARGET DRILLING

A drilling program to convert a significant proportion of the regional Exploration Target to mineral resources commenced in the first week of August 2010. By years end the company had drilled a total of 309 holes for 3,458m of a planned 7,000m to 10,000m program.

Drilling has been completed in four target areas, Tapian, Canaga, Bolobolo and Karihatag. On October 14th 2010 the company announced the initial results from the Tapian and Canaga targets, that included results of potential economic interest but erratically distributed. On January 12th and 24th 2011 the company announced strong drill results of potential economic interest from the Bolobolo and Karihatag nickel targets located immediately to the south of Tapian. At Bolobolo detailed mapping has indicated the dimensions of the nickel laterite mineralization are approximately 1.2 km by 1 km. Initial drilling was on 100 meter centers, however, given the promising results this was immediately closed in to 50 meter centers to enable a resource estimate to be made on conclusion of drilling. Highlights of the drilling completed during the December quarter include from Bolobolo: BBL-04: 7.30m @ 1.26% Ni from 1m, BBL-03: 7.15m @ 1.22% Ni from 3.8m and BBL-05: 6.45m @ 1.46% Ni from 2.7m and from Karihatag: KL-20: 6.60m @ 1.04% Ni from 1.6m, KL-21: 5.00m @ 1.00% Ni from 4.25m and KL-012: 4.90m @ 1.08% Ni from 7.75m and from Tapian: TML-05: 5.9m @ 1.17% Ni from 2.35m. Infill drilling is planned to continue on the Bolobolo and Karihatag targets to 50m x 50m centers for resource calculation prior to testing other targets such as San Jose and Villariza.

COPPER GOLD EXPLORATION

At Pan de Azucar prospect located near Panay Island, central Philippines, the company announced commencement of a 1,000 m drill program to further evaluate the potential of the Valderama massive pyritic sulphide body where promising gold, copper, silver and zinc values were intersected by Mindoro in two previous drill programs.

At Batangas, Luzon, Gold Fields limited has the right to earn up to a 75% interest in each of the El Paso, Lobo and Talahib porphyry copper-gold projects by sole funding exploration and a feasibility study on each project, up to certain expenditure limits. In December 2010 the company announced that Gold Fields had commenced drilling at Lobo, testing high-grade epithermal gold targets as well as gold-copper porphyry targets. Approximately 2,200 meters of drilling is planned initially.

5. CHANGES IN MANAGEMENT AND DIRECTORS DURING THE YEAR

Jon Dugdale was appointed President and Chief Executive Officer on February 22, 2010. Former Chief Executive Officer, Tony Climie, was appointed Chief Operating Officer and Exploration Director. Former President, Penny Gould, was appointed Vice President Investor Relations. On September 22, 2010, the Company appointed Rob King, a consultant since June 2010, to the position of Vice President Commercial and Chief Financial Officer. To facilitate Rob King's appointment, Herrick Lau resigned as CFO.

Appointees to the Company's Board of Directors in 2010 include Howard Walker in March and Christopher de Guingand in October. Robert Sarcher resigned as a Director on December 31, 2010.

6. OVERVIEW OF PROJECT ACTIVITIES FOR 2010

The Company's mineral exploration projects are all located in the Philippines, including the Surigao District Provinces of Agusan del Norte and Surigao del Norte, Iloilo Province on Pan de Azucar and the Batangas Province on Luzon. Mindoro's field programs are carried out under the supervision of Tony Climie, P.Geol, who approved the technical content of this document and who is a qualified person as defined by National Instrument 43-101 and a competent person as defined by the JORC Code.

The mining industry in the Philippines is regulated at both the national and regional levels through the central and regional offices of the Department of Environment and Natural Resources ("DENR") and Mines and Geosciences Bureau ("MGB"). Republic Act No. 7942 (the "Mining Act") and its Revised Implementing Rules and Regulations are the principal laws that regulate the mining industry. The Mining Act grants qualified private parties the right to explore through:

- Exploration permit ("EP");

- Mineral agreements like mineral production sharing agreement ("MPSA"), co-production sharing agreement and joint venture agreement;

- Financial and technical assistance agreements; and

- Mineral processing rights by way of mineral processing permits.

SURIGAO DISTRICT, NORTHERN MINDANAO

The Company has earned a direct and indirect 75% interest in the Agata, Tapian San Francisco and Tapian Main projects, and a 10% direct interest in the Mat-I project, (collectively referred to as the "Surigao Projects"), which are located in Surigao del Norte and Agusan del Norte Provinces of northern Mindanao, Philippines. The granted tenements consist of an MPSA on Agata and EPs on Tapian San Francisco and Tapian Main. The remaining tenements are held under MPSA and EP applications that are advancing through the approval process.

As of December 31, 2010, the Company had $12,726,047 in exploration expenditures recorded to the Surigao Projects, including expenditures of $1,487,981 in the fourth quarter of 2010.

Nickel Laterite Development Options Study

As disclosed in the Company's press release on March 15, 2010, an Options Study carried out by Boyd Willis Hydromet Consulting of Brisbane, Australia, examined six options for first stage development and processing as well as several hybrid options for the Agata nickel laterite resource. These included a Direct Shipping Ore option ("DSO"), constructing an on-site processing plant which has an array of potentially applicable technologies; including Nickel Pig Iron production, Ferronickel Smelting, Heap Leaching, Atmospheric (Tank) Leaching and High Pressure Acid Leaching ("HPAL").

The conclusions of the study were that an initial DSO operation, focused on isolated higher grade components of the laterite resource, while not optimizing value from the resource, could be integrated into a staged hydrometallurgical processing project including HPAL treating limonite and atmospheric leach with saprolite neutralization treating saprolite.

As recommended by the Options Study a scoping study and metallurgical testing program for a large scale integrated nickel laterite processing operation, was commenced in March 2010. The Scoping study was completed and released on the 6th October 2010. Metallurgical testing was completed and results released on 13 December 2010.

Agata Nickel Laterite Infill Resource Drilling

A detailed infill drilling program was completed between March and July 13th 2010. The program comprised a total of 185 core holes completed with an aggregate of 3,560 meters. Results were received for a total of 3,042 core assays. The average grades and thicknesses from the entire program are summarized below:

Laterite Horizon	Average Thickness (m)	% Ni	% Co	% Fe
Ferruginous Laterite	1.63	0.64	0.07	48
Limonite	3.91	1.13	0.13	48
Saprolite	7.56	1.30	0.03	12

The results of the drilling program include grades and thicknesses of potential economic interest for either on-site hydrometallurgical processing and/or Direct Shipping Ore (DSO).

The Company's production objectives are intended to provide an indication of management's current expectations and are still conceptual in nature. It is uncertain that it will be established that these resources will be converted into economically viable mining reserves. Until a feasibility study has been completed, there is no certainty that these objectives will be met.

Agata Nickel New Mineral Resource Estimate

Following completion of a detailed resource infill drilling program, on August 23, 2010 an increased Mineral Resource estimate for the Agata Nickel Project was announced. This includes a Measured and Indicated resource of 29.8 million tonnes at 1.03 percent nickel, an increase of 2.9 million tonnes compared to the December 2009 estimate with a slight decrease in grade due to a more robust estimation methodology and more detailed information. In addition an Inferred resource of 1.46 million tonnes at 1.01 percent nickel was been estimated. On September 09, 2010 a further significant increase to the Mineral Resource estimate was announced following a review and reinterpretation of the basal saprolite contact and a change in model parameters. The Measured and Indicated resource was increased to 32.6 million tonnes at 1.04 percent nickel for 340,000 tonnes of contained nickel. This is a further increase of 2.8 million resource tonnes and 33,000 tonnes of contained nickel compared to the previously announced estimate. In addition there is an Inferred Resource of 1.7 million tonnes at 1.04% nickel.

A total of 593 drill core holes for 10,851m of diamond drill core were used for the estimate. The resource estimation method applied was Ordinary Kriging, a very robust and proven methodology with regards to lateritic nickel deposits. All previous resource estimates were completed by a length-weighted inverse distance squared method to provide an indicative resource appropriate to the drilling density at the time of reporting. Cut-off grades applied to the resource were 0.5 percent within the Limonite zone and 0.8 percent within the Saprolite zone.

The mineral resource estimate is tabulated below.

Classification	Horizon	Metric K Tonnes	Ni %	Co %	Fe %	Contained Metal (K Tonnes) Ni	Co	Fe
Measured	Limonite	247	1.01%	0.12%	48%	2	0.3	119
	Saprolite	535	1.15%	0.03%	11%	6	0.2	59
	Subtotal	782	1.10%	0.06%	23%	9	0.5	177
Indicated	Limonite	9,963	0.94%	0.11%	46%	94	11.0	4,583
	Saprolite	21,847	1.09%	0.03%	11%	238	6.5	2,403
	Subtotal	31,811	1.04%	0.06%	23%	332	17.5	6,986
Measured &	Limonite	10,210	0.94%	0.11%	46%	96	11.3	4,702
Indicated	Saprolite	22,382	1.09%	0.03%	11%	244	6.7	2,462
	Subtotal	**32,592**	**1.04%**	**0.05%**	**23%**	340	18	7,164
Inferred	Limonite	260	1.00%	0.11%	44%	2.6	0.3	117
	Saprolite	1,421	1.05%	0.03%	11%	14.9	0.4	171
	Subtotal	**1,681**	**1.04%**	**0.04%**	**17%**	**17.5**	**0.7**	**288**

- *Total metal contents in the reported resources represent metal in the ground and have not been adjusted for metallurgical recoveries and other factors which will be considered in later study.*
- *Mineral resources which are not mineral reserves do not have demonstrated economic viability.*
- *The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
- *This work has produced Measured, Indicated and Inferred Mineral Resources in accordance with the definitions outlined in the JORC Code of 2004 (Australasian Joint Ore Reserves Committee) and is reported in accordance with NI 43-101.*
- *The NI 43-101 compliant Technical Report dated September 03, 2010 was filed on SEDAR on October 12, 2010.*

Agata Nickel Project Development Plans

Direct Shipping Ore and Thermal Upgrading Studies:

On the 13th of October 2010 the company announced it had completed a concept study through Hatch Associates Pty Limited, an international firm of consulting engineers (Perth office), into thermal upgrading of nickel lateritic material at Agata. Unprocessed laterite contains from 30% up to 45% moisture. Thermal upgrading removes the moisture from the material which improves blending and handling properties. Most importantly, this dramatically reduces the shipping cost, which, in combination, achieves a premium price over unprocessed Direct Shipping Ore (DSO) material. Further upgrading of the nickel content can be achieved through optional process enhancements. The company has committed to further bench-scale metallurgical testing of thermal upgrading options.

The Company has an Environmental Compliance Certificate (ECC) approved to develop a DSO project, subject to certain lesser permit requirements, producing up to two million dry metric tonnes (DMT) per annum. Preliminary discussions with potential offtakers have confirmed there is a market for limonite material containing >0.9% Nickel and >48% Iron as Nickel Pig-Iron feedstock, and for saprolite material containing >1.5% Nickel (though preferably >1.8%) for Electric Arc Furnace Ferronickel production). A preliminary DSO study is in progress, based on the September 9, 2010, resource, investigating various open pit optimization scenarios which will allow the Company to develop an economic model and assess the viability of this option.

The company's production objectives are intended to provide an indication of management's current expectations and are still conceptual in nature. It is uncertain that sufficient resources will be established and if established that these resources will be converted into economically viable mining reserves. Until a feasibility study has been completed, there is no certainty that these objectives will be met.

Scoping Study on Processing Operation

On October 6th 2010 the company announced the results of the Agata Nickel Project Scoping Study which was compiled by Boyd Willis Hydromet Consulting with Ausenco / Vector Engineering providing the engineering and infrastructure requirements and costs.

The objective of the Scoping Study was to provide a preliminary assessment of the economics of three identified processing options at ±30 - 35% accuracy and identify the other project drivers such as environmental and technology risks. The scoping study includes the investigation of the mining, processing, process services, power generation, infrastructure, and major environmental issues. The study was based on the September 2010 Agata mineral resource estimate, including inferred resources. The study did not address certain economic parameters, such as Net Present Values or Internal Rates of Return which will be evaluated in a preliminary economic assessment planned for release in March 2011.

The preliminary characterisation of the ore types and their amenability to acid leaching identified the following three suitable processing routes, which are evaluated in this study:

- **Base Case** - a major integrated High Pressure Acid Leaching (HPAL) / Atmospheric Leaching (AL) / Saprolite Neutralisation (SN) process based in scale on the highly successful Sumitomo/Nickel Asia Coral Bay Nickel project, on Palawan Island, the Philippines. In this case 27,400 tonnes per annum of nickel as Ni-cathode product would be produced. The estimated average cash-cost of production (after year three) for this case is US$2.47 per pound of nickel or US$1.59 per pound of nickel with cobalt credit (assuming cobalt price of US$18/lb and 80% payable for cobalt contained in cobalt sulphide). The Capital Cost estimate for this processing option, including electrowinning and acid production plant, is US$1.33Bn. This includes a direct cost of US$837 million, indirect infrastructure costs of US$182 million and a 30% contingency.

- **Larger Production Case** - a scale-up of the base case which employs the largest HPAL autoclave available. The nickel production for this option is increased to 42,000 tonnes per annum nickel as Ni-cathode. The estimated average cash-cost of production (after year three) for this case is US$2.22 per pound of nickel or US$1.35 per pound of nickel with cobalt credit (assuming cobalt price of US$18/lb and 80% payable for cobalt contained in cobalt sulphide). The Capital Cost estimate for this processing option, including electrowinning and acid production plant, is US$1.74Bn. This includes a direct cost of US$1.1 Bn, indirect infrastructure costs of US$243 million and a 30% contingency.

- **Atmospheric Leach Case** - This case involves Atmospheric Leaching of Saprolite only, without the use of autoclaves. The nickel will be recovered by hydroxide precipitation producing an intermediate Mixed Hydroxide Precipitate (MHP) product. The design capacity for this option is 14,300 tonnes per annum nickel contained in MHP. The estimated average cash-cost of production for this case (after year three) is US$3.25 per pound of nickel or US$2.94 per pound of nickel with cobalt credit (assuming cobalt price of US$18/lb and 80% payable for cobalt contained in cobalt sulphide). The Capital Cost estimate for this processing option, including acid production plant, is US$740 million. This includes a direct cost of US$479 million, indirect infrastructure costs of US$91 million and a 30% contingency.

Capital cost estimates did not include owner's costs, mining related capital costs, duties and taxes for equipment, technology fees/project support, EPCM assistance following introduction of feed to the plant, or an estimate of working capital. Operating cost estimates did not include sustaining capital costs, government charges, royalties, marketing costs, corporate consultancies or duties, customs or other imposts.

The Scoping study is based on the current Agata mineral resource estimate disclosed on September 8, 2010. For the purposes of the scoping study, relatively aggressive cut-off grades were applied to the resource to approximate plant-feed for the base case project sufficient for a production rate of >2.5 million tonnes treated per annum for six years. The Company is currently drilling the regional Exploration Target to further evaluate the potential of supplying sufficient total tonnes to the base case project for 20 years or more of similar production. The cut-off grades applied were Limonite: 0.85% Ni, Transition: 0.90% Ni and Saprolite: 1.0% Ni cut off. Additionally an upper cut-off of 1.35% Ni was applied to all three ore types to classify the high grade material for potential direct shipped ore operations, excluding 4.86 million additional tonnes of high-grade material. The estimated plant feed inventory derived from the current Agata resource, including the DSO component, is as follows:

	M Tonnes	Nickel %	Cobalt %	Iron %	Al %	Mg %	SiO2%
Limonite	7.51	1.05	0.112	43.7	2.85	2.12	8.59
Saprolite	8.88	1.15	0.024	10.8	0.46	16.9	40.5
Sub-total	16.39	1.10	0.065	25.9	1.56	10.1	25.9
High Grade DSO	4.86	1.59	0.044	16.0	0.73	14.4	35.8
Total	21.25	1.21	0.060	23.6	1.37	11.1	28.2

As disclosed in the Company's January 11, 2010 press release, the potential quantity and grade of the Exploration Target is conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource, and there is no guarantee that these resources, if delineated, will be economic or sufficient to support a commercial mining operation.

The assessment is preliminary in nature, as it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized.

The study concludes that the potential to establish a low operating cost nickel operation is subject to satisfying certain key technical factors, including the conversion of the regional Exploration Target to sufficient mineral resources to support an economic project life.

The Company is currently examining a smaller scale approach to the acid leach processing project, based on the current Agata resource and results of the metallurgical testing program (see below), and is seeking indicative quotes to produce a pre-feasibility study into an integrated, staged nickel project.

Agata Metallurgical Test Results

A comprehensive bench scale test work program on Agata samples was commenced in March 2010 by SGS Lakefield Oretest [a NATA accredited laboratory] in Perth.

Testing was conducted on a total of nine samples representing the grade ranges in the deposit from limonite, saprolite and transition material. The program investigated HPAL processing a limonite and transition composite, as well as atmospheric leaching (AL) of saprolite. Beneficiation potential – the process of upgrading ore through crushing/scrubbing and screening, and slurry settling properties was also investigated.

Preliminary results reported December 13th 2010 demonstrated exceptionally fast leaching rates with high nickel and cobalt recoveries. High pressure acid leach (HPAL) tests of limonite were performed at 255°C and acid addition rates from 276 to 351 kg per tonne of material. Results demonstrated exceptionally fast leaching rates, with nickel extractions of 98 percent within 20 minutes, at residual free acid concentrations as low as 32 g/L. Cobalt extractions were 95-96 percent. This leaching rate is 50 percent faster for HPAL processing than previously assumed in the scoping study announced on October 2, 2010 and filed on SEDAR in a NI 43-101 Technical Report dated November 19, 2010. With half the leaching time, the HPAL circuit throughput could be doubled, with higher nickel extraction than previously reported and resulting in significantly lower processing cost projections.

The limonite HPAL test results are summarized as follows:

Residence Time:	**20 Minutes**			**30 Minutes**		
Acid Addition (kg/t ore)	**Residual Free Acid (g/L)**	**Ni Ext'n %**	**Co Ext'n %**	**Residual Free Acid (g/L)**	**Ni Ext'n %**	**Co Ext'n %**
276	32.2	97.9	96.1	35.7	98.2	94.8
325	42.4	98.4	96.1	42.4	98.4	95.5
351	42.7	98.2	94.1	46.4	98.5	95.9

Testing also demonstrated faster processing times and higher nickel recoveries for Atmospheric Leach (AL) processing than assumed in the scoping study. Atmospheric Leach (AL) testing was conducted on saprolite at 95°C at acid addition rates from 850 to 1000 kg per tonne of material. Results demonstrated favourable leaching rates, with nickel extractions of 95 to 98 percent in four hours at residual free acid concentrations of 24-39 g/L. The scoping study assumed six hours AL residence time and only 90 percent nickel extraction. The SGS results demonstrate that the AL circuit can be downsized by 33 percent (to four hours residence time) with higher nickel extraction than reported in the scoping study findings.

The saprolite AL test results are summarized as follows:

Residence Time:	**4 Hours**			**6 Hours**		
Acid Addition (kg/t ore)	**Residual Free Acid (g/L)**	**Ni Ext'n %**	**Co Ext'n %**	**Residual Free Acid (g/L)**	**Ni Ext'n %**	**Co Ext'n %**
900	24.1	94.9	89.1	21.7	95.4	90.8
950	28.2	96.6	91.9	24.6	96.9	92.9
1000	39.2	97.6	93.6	32.1	97.8	93.5

Beneficiation upgrading tests (prior to leaching) established that scrubbing to reduce the size of (de-agglomerate) the ore particles, followed by screening out material larger than 0.25 mm, could potentially provide a 20 percent upgrade of the limonite and transition HPAL feed material, with 90 percent nickel recovery and 19 percent mass rejection. Forty one percent of the magnesium and 38 percent of the silica would be screened out with the larger material which would reduce acid consumption and improve solid-liquid separation (CCD performance). Saprolite ore did not exhibit potential for upgrading using these methods.

Ore slurry settling tests in two meter raked columns demonstrated that limonite and transition HPAL feed material can be settled to approximately 40 weight percent solids at a flocculent dosage of 150 g/t solids, and saprolite ore can be settled to approximately 36 weight percent solids at a flocculent dosage of 200 grams per tonne solids. As the scoping study assumed 35 weight percent solids in HPAL feed, the test results mean that 14% more ore can be processed through the HPAL autoclave than previously assumed.

Tests are also underway to evaluate using saprolite to neutralize the acid and CCD (leach discharge) settling properties.

The markedly improved results, relative to the assumptions applied in the scoping study, indicate potential to significantly decrease the estimated average cash-costs of production from the US$2.47 per pound of nickel (without cobalt credits) currently assumed for the base case integrated HPAL / Atmospheric Leaching project.

The bench scale hydrometallurgical testing program was coordinated by Boyd Willis, MAusIMM, of Boyd Willis Hydromet Consulting (BWHC), an independent qualified person as defined by NI 43-101 and a competent person as defined by the JORC Code, in conjunction with SGS Lakefield Oretest in Perth, Western Australia, a NATA certified laboratory.

Nickel Laterite Exploration Target Drilling

On January 11, 2010 the Company released an Exploration Target on its northern Surigao tenements of from 50 to 70 million DMT in a grade range of 0.9% to 1.2% nickel and 28 to 32% iron (combined limonite and saprolite). The target is based on a total mapped and hand auger sampled area of 800 hectares at an average projected thickness based on auger sampling of 6m and Specific Gravity (SG) of 1.25.

A drilling program to convert a significant proportion of the regional Exploration Target to mineral resources commenced in the first week of August 2010. By years end the company had drilled a total of 309 holes for 3,458m had from a planned 7,000m to 10,000m program.

The initial results from the drilling program, at Tapian target, were reported on October 14, 2010, as well as channel sampling results from a road cut through the centre of the Tapian target. The initial drilling and channel sampling encountered nickel laterite grades and thicknesses of potential economic interest. Highlights of the initial drilling included the following:

- TML-05: Combined 5.9m @ 1.17% Ni from 2.35m including Limonite 3m @ 1.34% Ni, 37% Fe
- TML-32: Saprolite 4.5m @ 1.0% Ni from 1.05m
- TML-46: Saprolite 4.9m @ 0.99% Ni from 1.80m
- TML-50: Saprolite 3.2m @ 0.99% Ni from 2.60m
- TML-103: Saprolite 2.35m @ 1.09% Ni from 0.35m

In addition, excellent nickel results were obtained through systematic channel sampling of well-developed and exposed limonite horizons. Ten centimeter by ten centimeter by one meter channels were excavated at 25 meter intervals along 350 meters of road cut. The upper limonite averaged 0.61 percent nickel and 35 percent iron over 1.5 meters thickness and the lower limonite averaged 1.07 percent nickel and 42 percent iron over one meter thickness which remains open to depth.

The geology of the initial area tested is more complex than encountered in the Agata resource and includes an eastern belt underlain by a complex of mixed ultra-mafics and other less favorable rocks, and a western belt where serpentinized harzburgite bedrock underlays a thick laterite horizon. Drilling was focused on the western belt by quarter end. The main part of this belt, while within the Company's tenements, is covered by a land-use area designated, amongst other things, for cash-cropping, but which Mindoro is mandated and entitled to explore by virtue of its pre-existing mineral tenement agreement with the Philippine Government. Mindoro is currently negotiating access for drilling.

Following the Tapian program drilling commenced testing of targets at Karihatag and Bolobolo targets located immediately to the south of Tapian, following the grant of the Exploration Permit over that area. Results received in January 2011 included strong drill results of potential economic interest.

Highlights of the drilling completed during 2010 include:

• BBL-19:	Total	15.80m @ 1.27% Ni from 1.6m including:
	Limonite	8.55m @ 1.06% Ni, 0.15% cobalt, 49% Iron from 1.6m
	Saprolite	7.25m @ 1.52% Ni from 10.15m
• BBL-23:	Total	13.00m @ 1.26% Ni from surface including:
	Saprolite	8.20m @ 1.56% Ni from 4.8m
• BBL-28:	Total	10.15m @ 1.12% Ni from 3.4m including:
	Saprolite	6.75m @ 1.21% Ni from 3.4m
• BBL-25:	Saprolite	8.10m @ 1.11% Ni from 3.95m
• BBL-04:	Total	7.30m @ 1.26% Ni from 1m including:
• BBL-03:	Saprolite	7.15m @ 1.22% Ni from 3.8m
• BBL-05:	Saprolite	6.45m @ 1.46% Ni from 2.7m
• BBL-31:	Limonite	6.70m @ 1.04% Ni from surface
• BBL-34:	Saprolite	6.55m @ 1.37% Ni from 3.2m
• KL-19:	Total	11.85m @ 0.83% Ni from 1m including:
	Limonite	7.50m @ 0.77% Ni from 1m
	Saprolite	4.35m @ 0.93% Ni from 8.5m
• KL-20:	Saprolite	6.60m @ 1.04% Ni from 1.6m
• KL-21:	Saprolite	5.00m @ 1.00% Ni from 4.25m
• KL-012:	Saprolite	4.90m @ 1.08% Ni from 7.75m

At Bolobolo detailed mapping has indicated the dimensions of the nickel laterite mineralization are approximately 1.2 km by 1 km. Initial drilling was on 100 meter centers, however, given the promising results this was immediately closed in to 50 meter centers to enable a resource estimate to be made on conclusion of drilling. At Karihatag target dimensions are approximately 900 meters by 500 meters, and drilling is proceeding on 50 meter centers. Drilling is planned to continue infill drilling of the Bolobolo and Karihatag targets prior to testing other targets such as San Jose and Villariza.

Tony Climie, P.Geol, is the company's Qualified Person as defined by National Instrument 43-101, who is responsible for monitoring the supervision and quality control of Mindoro's regional exploration programs and who has reviewed and verified the technical information contained in this document.

The reader is cautioned that the potential quantity and grade of the Exploration Target is conceptual in nature; it is uncertain if further exploration will result in the Exploration Target being delineated as a mineral resource and there is no guarantee that these resources, if delineated, will be economic or sufficient to support a commercial mining operation.

BATANGAS PROJECTS, LUZON

Mindoro has the right to a 100% direct and indirect interest in the Batangas land package, comprised of approximately 29,000 hectares and encompassing the El Paso, Lobo, Talahib and Archangel Projects. Both the Lobo and Archangel Projects are held under a MPSA; and the Calo and El Paso prospect are held under an EP. The remaining Batangas Regional ground is held under either MPSA or EP applications, which are in various stages of approval. Mindoro has granted Gold Fields Netherlands Services BV ("Gold Fields") options to earn up to 75% interest in the El Paso, Lobo and Talahib Projects. As of December 31, 2010, the Company incurred $14,227,185 in exploration expenditures on the Batangas Projects, including expenditures of $93,813 in the fourth quarter of 2010.

The Batangas tenements are in the well-mineralized southern Luzon porphyry copper-gold belt. Initial NI 43-101-compliant gold resources have been defined at both Lobo and Archangel (South West Breccia and Kay Tanda, respectively), which are both open to upgrading and extension, and at least 15 promising porphyry copper-gold prospects remain to be tested, including the Calo, Talahib, Pica and El Paso prospects.

Archangel Project:

Apart from ongoing community relations programs, no further work was conducted on the Archangel Project during the quarter. As reported on March 5, 2010, the Kay Tanda mineral resource estimate was increased by additional drilling and modeling. The following table sets out the current resource:

Summary of Resource

	Metric Tonnes	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Gold (ounces)	Silver (ounces)
OXIDE (> 0.3 G/T AU)					
Measured	2,673,000	0.80	7.72	68,900	663,200
Indicated	1,581,000	0.65	4.24	33,000	215,300
Measured + Indicated	**4,254,000**	**0.75**	**6.42**	**101,900**	**878,500**
Inferred	**680,000**	**0.57**	**3.04**	**12,400**	**66,400**
TRANSITION (> 0.5 G/T AU)					
Measured	1,401,000	1.30	4.92	58,700	221,400
Indicated	1,058,000	1.11	2.61	37,900	88,900
Measured + Indicated	**2,459,000**	**1.22**	**3.92**	**96,600**	**310,300**
Inferred	**537,000**	**0.97**	**2.57**	**16,800**	**44,400**
FRESH (> 0.5 G/T AU)					
Measured	1,663,000	1.46	2.58	78,000	138,000
Indicated	1,503,000	1.26	2.09	61,000	101,000
Measured + Indicated	**3,166,000**	**1.37**	**2.35**	**139,000**	**239,000**
Inferred	**2,524,000**	**0.84**	**1.23**	**68,000**	**100,000**
TOTAL					
Measured	5,737,000	1.11	5.54	205,600	1,022,600
Indicated	4,142,000	0.99	3.04	131,900	405,200
Measured + Indicated	**9,879,000**	**1.06**	**4.50**	**337,500**	**1,427,800**
Inferred	**3,741,000**	**0.81**	**1.75**	**97,200**	**210,800**

- *Total metal contents in the reported resources represent metal in the ground and have not been adjusted for metallurgical recoveries and other factors which will be considered in later study.*
- *Mineral resources which are not mineral reserves do not have demonstrated economic viability.*
- *The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
- *This work has produced Measured, Indicated and Inferred Mineral Resources in accordance with the definitions outlined in the JORC Code of 2004 (Australasian Joint Ore Reserves Committee) and is reported in accordance with NI 43-101.*
- *The NI 43-101 compliant Technical Report dated April 15, 2010 was filed on SEDAR on April 19, 2010.*

The resource has been defined over a 1km strike length and remains open to the northeast and southwest within a six km corridor of anomalous stream sediment, soil and rockchip geochemistry and IP chargeability. While current focus of the Company is on advancing its nickel laterite resources, additional studies and interpretation are planned for Kay Tanda, leading to a resumption of field work to advance the resource in 2011.

Mindoro has granted a right of first refusal to Gold Fields over the Archangel Project, which includes Kay Tanda, should a deal be negotiated with another party. However, the Company is evaluating various options for advancing the project and has no immediate plans for concluding new joint venture arrangements for Archangel.

El Paso, Lobo and Talahib Projects:

Pursuant to a Memorandum of Agreement dated April 29, 2009, Gold Fields has the right to earn up to a 75% interest in each of the El Paso, Lobo and Talahib porphyry copper-gold projects by sole funding exploration and a feasibility study on each project, up to certain expenditure limits.

For the twelve months commencing July 2009, Gold Fields had advised a forecast budget of approximately AU$2,000,000 for drill testing both the El Paso and Lobo Projects and defining targets on the Talahib Project, which are being evaluated for their porphyry copper-gold potential. Gold Fields completed a 6 hole reconnaissance diamond drilling program on El Paso in 2009, the results of which were reported in a news release dated February 1, 2010 and included of 42.5m @ 0.5% Cu and 19.8m @ 0.29% Cu. Gold Fields is planning follow-up drilling at El Paso. In addition a program of mapping, soil sampling and geophysics was completed at Lobo, targeting high grade epithermal veins and deeper copper-gold porphyry mineralisation. Further evaluation of the Lobo prospect, including drilling, was in progress at years end and during January 201.

PAN DE AZUCAR PROJECT, PANAY ISLAND

Mindoro has earned a 40% interest in the Pan de Azucar Project, and has right to earn an additional 35% interest from a private Philippine company. Reconnaissance drilling in 2001 and 2002 intersected encouraging copper, gold, silver and zinc values within a massive pyrite body situated in a volcanic caldera. Work resumed at Pan de Azucar during the quarter, with all drill core re-logged and re-interpreted in preparation for more detailed evaluations. As announced on November 9, 2010, a 1000 m drill program has commenced to further evaluate the potential of the precious and base metals mineralization, as well as the potential of the massive pyrite body to provide sulfuric acid for a major processing operation on its nickel laterite resources in the Surigao District of Mindanao. As of December 31, 2010, the Company incurred $822,465 in exploration expenditures on the Pan de Azucar Project, including expenditures of $106,930 in the fourth quarter of 2010.

7. RESULTS OF OPERATIONS

For the three months ended December 31, 2010

Interest revenue for the fourth quarter of 2010 was $28,998 compared to interest revenue of $2,271 for the fourth quarter of 2009. The Company had higher cash balances in the current quarter than the same period in 2009.

The net loss for the fourth quarter of 2010 was $371,411 compared to the net income of $271,869 for the fourth quarter of 2009. The increase in expenditure primarily reflects the Company's focus on advancing the Agata project into development phase. This includes expenditures associated with financing as well as the establishment of an executive office in Australia, . Furthermore, expenditure in 2009 was lower due to reduced activity as a result of the global economic downturn. The net income for the fourth quarter of 2009 included a significant future income tax recovery and lower stock-based compensation expense.

Salaries and benefits expense during the fourth quarter of 2010 is $486,292 compared to $126,527 in the same period in 2009, resulting from increases in salaries and staffing in the Philippines as well as the appointment of new senior executives based in Australia. In line with the increased level of activity in the Company, Directors' fees of $169,139 were expensed in the current quarter that covers work from Q2 to Q4. This compares to nil Directors' fee expense in the fourth quarter of 2009.

Consulting and professional fees decreased during the fourth quarter of 2010 in the amount of $69,465 compared to a total expense of $85,599 in the same period in 2009, resulting from a re-classification of 2010 financial and legal consulting fees associated with the Australian prospectus offering and listing on the Australian Securities Exchange.

Travel expense of $115,389 for the fourth quarter of 2010 was significantly higher than the same period in 2009 of $38,501. There was increased corporate travel within Canada and between Australia, the Philippines and Canada associated with increased project and financing activity in the current period.

Advertising and promotion expense was $56,362 for the fourth quarter of 2010 compared to $9,753 in the same period in 2009. During the current quarter the Company utilized international news wire services, in addition to electronic and trade paper advertising compared to advertising and promotion expense during the same quarter in 2009 where there were considerably fewer news releases and advertising expenditures.

The foreign exchange gain for the fourth quarter of 2010 is $230,674 compared to a gain of $83,820 during the same period in 2009. During the current quarter, the Canadian dollar appreciated against the Philippine peso.

For the year ended December 31, 2010

Interest revenue for the year ended December 31, 2010 was $38,438 compared to interest revenue of $10,628 for the year ended December 31, 2009. The Company had higher cash balances in 2010 as a result of increased financing activities during the current year as compared to 2009.

The net loss for the year ended December 31, 2010 was $3,289,420 compared to a net loss of $1,273,077 for the year ended December 31, 2009 as a result of a significant increase in activity associated with advancing the Agata nickel project into development phase. In the current year, salaries and benefits expense, travel expense, consulting and professional fees and advertising and promotion expense were all substantially higher than in 2009 with the operations focus on moving the nickel project ahead with the strategy of advancing early-stage opportunities to production. The Company recorded higher stock based compensation expenses in 2010 compared to 2009. In the current year, 7,000,000 Stock Options were issued compared to 2009 when 3,015,000 options were granted. Furthermore, expenditure in 2009 was lower due to reduced activity as a result of the global economic downturn.

Salaries and benefits expense for the year ended December 31, 2010 is $1,276,096 compared to $483,938 in 2009, resulting from increases in staffing and salaries in the current year. The Melbourne, Australia executive office opened in 2010 and has three employees. In line with the increased level of activity in the Company, Directors' fees of $169,139 were paid compared to nil Directors fees pad in 2009 consistent with the conditions during the global economic crisis.

Consulting and professional fees for the year ended December 31, 2010 is $331,219 compared to $117,123 in 2009. Increased consulting fees associated with financing activities, including preparations to list on the Australian Stock Exchange, and expenses related to the corporate office set-up in Australia were incurred in the current year.

Travel expense of $477,750 for the year ended December 31, 2010 was significantly higher than the previous year of $87,418. There was increased corporate travel within Canada and between Australia, the Philippines, Europe, Asia and Canada in the current year.

Advertising and promotion expense was $140,974 for the year ended December 31, 2010 compared to $42,093 for the year ended December 31, 2009. During the current year advertising expenditures on corporate meetings and newswire services were considerably higher than in 2009 with the emphasis in the current year on financing and marketing the increased project activity.

Office, postage and sundry expense was $151,916 for year ended December 31, 2010 compared to $81,047 for the year ended December 31, 2009. During the current year, $80,915 in non-recoverable input tax expense for goods and services was incurred compared to $81 in 2009.

8. SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings (Loss)	Earnings (Loss) Per Share	Working Capital	Total Assets
December 31, 2010	$ (371,411)	$ (0.002)	$ 9,429,195	$ 38,536,501
September 30, 2010	(1,718,521)	(0.012)	2,166,716	29,667,796
June 30, 2010	(577,964)	(0.004)	1,524,287	27,224,003
March 31, 2010	(621,524)	(0.005)	2,353,017	27,035,943
December 31, 2009	271,869	0.002	440,620	25,083,497
September 30, 2009	(545,279)	(0.005)	857,414	23,841,777
June 30, 2009	(469,055)	(0.005)	666,006	23,485,327
March 31, 2009	(530,612)	(0.005)	1,123,742	23,810,905

The Company's quarterly results are not subject to seasonal trends.

9. FINANCIAL CONDITION & LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of December 31, 2010, the Company's cash position was $9,907,882 up from $581,362 as at December 31, 2009. During the current year the Company received gross proceeds from three private placements of $8,590,870 and gross proceeds of $7,858,401 from a prospectus offering in Australia. Proceeds were also received during the current year through the exercise of stock options, Common Share Purchase Warrants, and agent's warrants for a gross amount of $668,777.

Working capital at December 31, 2010, was $9,429,195 as compared to $440,620 at December 31, 2009.

Accounts receivable balance is $162,468 as of December 31, 2010 up from $133,684 as of December 31, 2009. Included in accounts receivable are input tax credits receivable of $78,532, advances to employees of $49,732, advances to a drilling contractor of $24,089 and sundry other amounts receivable. Prepaid expenses increased in the period to $84,050 from $47,128 at the end of 2009. Prepaid expenses include deposits for insurance, travel, an investor relations program and sundry other prepaid expenses. The property and equipment balance of $320,090 has increased from the December 31, 2009 balance of $195,101. Accounts payable and accrued charges of $791,143 at December 31, 2010 are higher than the balance of $764,325 at December 31, 2009.

The total amount of mineral properties and exploration expenditures capitalized as of December 31, 2010, was $27,996,073 ($23,683,451 as at December 31, 2009).

In 2010, $4,102,590 was the net cash outflow from investing activities ($2,325,654 in 2009). During the quarter ended December 31, 2010, $1,602,957 was the net cash outflow on investing activities ($1,768,798 in the quarter ended December 31, 2009). In 2010, investing activities include: an increase in restricted cash of $376,833 (2009 - $442,771), expenditures on mineral properties and exploration of $4,270,644 (2009 - $1,883,980), $nil proceeds from disposition of property and equipment (2009 - $72,645) and expenditures on acquisition of property and equipment of $208,779 (2009 - $71,548). In the quarter ended December 31, 2010, investing activities include: an increase in restricted cash of $133,180 (2009 - $442,771), expenditures on mineral properties and exploration of $1,670,099 (2009 - $1,263,699), $nil proceeds from disposition of property and equipment (2009 - $9,220) and expenditures on acquisition of property and equipment of $66,038 (2009 - $71,548).

In 2010, $15,881,317 was the net cash inflow from financing activities ($2,228,225 in 2009). During the quarter ended December 31, 2010, $9,471,154 was the net cash inflow from financing activities ($1,167,234 in the quarter ended December 31, 2009). In 2010, financing activities include: issue of share capital, net of issuance costs: $15,586,933 (2009 - $1,063,308), and cash received for future capital subscriptions: $294,384 (2009 - $1,164,917), In the quarter ended December 31, 2010, financing activities include: issue of share capital, net of issuance costs: $9,328,344 (2009 - $2,317), and cash received for future capital subscriptions: $142,810 (2009 - $1,164,917).

10. TRANSACTIONS WITH RELATED PARTIES

a. Pursuant to a management and advisory agreement with a consulting firm in August 2009, the firm agreed to act as corporate advisor and provide a Chief Financial Officer of the Company in return for a monthly fee. The firm's agreement was amended in September 2010 to provide only corporate advisory services. During the first nine months of 2010, the Company recorded $58,500 in consulting and professional fees (2009 - $32,500). The Chief Financial Officer was granted 200,000 Stock Options in 2009.

b. As at December 31, 2010, accounts payable and accrued liabilities includes $nil (2009 - $199,197) of salaries and benefits owing to one officer of the Company.

c. Pursuant to a management consulting services agreement with an exploration consulting firm executed in March 2010, the firm provided the services of an individual to act as Chief Operating Officer of the Company and as President of a Subsidiary of the Company. During 2010, the Company recorded $309,000 in fees from this firm (2009 - $nil). These fees were charged to mineral properties.

d. In 2010, the Company paid a consulting firm $15,009 for consulting services. A director of the Company is the managing director of the firm.

11. CAPITAL STRUCTURE

Authorized:
Unlimited number of Common Shares
Unlimited number of Preferred Shares

Issued - Common shares	*Note*	**Number**
Balance, December 31, 2009		107,720,638
Issued pursuant to private placements	*a*	54,047,225
Issued upon exercise of stock options	*b*	350,000
Issued upon exercise of purchase warrants	*c*	4,171,634
Issued for prospectus offering, Australia	*f*	40,000,000
Balance, December 31, 2010		**206,289,497**
Common share purchase warrants		
Balance, December 31, 2009		9,536,233
Issued pursuant to private placements	*a*	45,571,390
Exercised	*c*	(4,171,634)
Balance, December 31, 2010		**50,935,989**
Stock options		
Balance, December 31, 2009		9,587,000
Issued	*d*	7,000,000
Exercised	*b*	(350,000)
Forfeited/expired	*e*	(1,690,000)
Balance, December 31, 2010		**14,547,000**

(a) In March of 2010, pursuant to a private placement, the Company issued 25,000,000 Units at $0.105 per Unit for gross proceeds of $2,625,000 less finders' fees and other costs of $201,700. Each Unit consisted of one Common Share and one Common Share Purchase Warrant ("March 2010 Warrant"). Each warrant allows the holder to purchase one additional Common Share at a price of $0.15 for a period of one year from the close of the Private Placement. A total of 25,000,000 March 2010 Warrants and 1,516,665 Agent's Warrants were issued pursuant to this Private Placement. Each Agent's Warrant is exercisable at $0.15 for one Common Share. The fair value of Purchase Warrants issued in this Private Placement in the amount of $1,354,778 was charged to share capital. The fair value of Agent's Warrants issued, in the amount of $169,851, was also charged to share capital. In July of 2010 and pursuant to a private placement, the Company issued 19,047,225 Units at $0.208 per Unit for gross proceeds of $3,965,870 less finders' fees and other costs of $152,606. Each Unit consisted of one Common Share and one Common Share Purchase Warrant ("July 2010 Warrant"). Each July 2010 Warrant allows the holder to purchase one additional Common Share at a price of $0.31for a period of five years from the close of the Private Placement. A total of 19,047,225 Purchase Warrants and 7,500 Agent's Warrants were issued pursuant to this Private Placement. Each Agent's Warrant is exercisable at $0.31 for one Common Share. The fair value of Purchase Warrants issued in this Private Placement in the amount of $1,646,067 was charged to share capital. The fair value of Agent's Warrants issued, in the amount of $843, was also charged to share capital. In November of 2010 and pursuant to a Private Placement, the Company issued 10,000,000 Common Shares at $0.20 per Common Share for gross proceeds of $2,000,000 less issue costs of $11,796.

(b) In March of 2010, 50,000 Stock Options were exercised at an exercise price of $0.13 per option. The Company issued 50,000 Common Shares for net proceeds of $6,490. Stock-based compensation costs amounting to $5,355 were re-classified to share capital upon exercise of these options. In November of 2010, 300,000 Stock Options were exercised at an exercise price of $0.12 per option. The Company issued 300,000 Common Shares for net proceeds of $35,950. Stock-based compensation costs amounting to $25,166 were re-classified to share capital upon exercise of these options.

(c) In April of 2010, 25,000 Purchase Warrants were exercised at an exercise price of $0.20 per warrant. The Company issued 25,000 Common Shares for net proceeds of $5,000. The fair value of the Purchase Warrants, in the amount of $310, was also credited to share capital. In April and June of 2010, 75,300 Agent's Warrants were exercised at an exercise price of $0.12 per warrant. The Company issued 75,300 Common Shares for net proceeds of $9,036. The fair value of the Agent's Warrants, in the amount of $6,069, was also credited to share capital. In August of 2010, 9,992 Agent's Warrants were exercised at an exercise price of $0.15 per warrant. The Company issued 9,992 Common Shares for net proceeds of $1,499. The fair value of the Agent's Warrants, in the amount of $1,119, was also credited to share capital. In October and November of 2010, 51,350 Agent's Warrants were exercised at an exercise price of $0.18 per warrant. The Company issued 51,350 Common Shares for net proceeds of $9,243. The fair value of the Agent's Warrants, in the amount of $5,094, was also credited to share capital. In November of 2010, 9,992 Agent's Warrants were exercised at an exercise price of $0.15 per warrant. The Company issued 9,992 Common Shares for net proceeds of $1,499. The fair value of the Agent's Warrants, in the amount of $1,119, was also credited to share capital.

(d) On January 12, 2010, the Company granted 200,000 Stock Options exercisable at $0.125 per share to a director and two advisory board members of the Company. On March 15, 2010 the Company granted 1,450,000 Stock Options exercisable at $0.19 per share to employees. On July 28, 2010, the Company granted 4,000,000 Stock Options exercisable at $0.208 per share to directors and employees. On September 22, 2010, the Company granted 700,000 Stock Options to an employee, exercisable at $0.31 per share. On October 4, 2010, the Company granted 150,000 Stock Options exercisable at $0.34 per share to a director and 500,000 Stock Options exercisable at $0.30 per share to an investor relations consultant.

(e) A total of 1,690000 Stock Options were cancelled due to forfeiture or expiration during the period, including: 505,000 options with an exercise price of $0.28 per option; 250,000 options with an exercise price of $0.29 per option; 150,000 options with an exercise price of $0.48; 27,000 options with an exercise price of $0.84 per option; and 758,000 options with an exercise price of $0.96 per option.

(f) In November of 2010 and pursuant to a Prospectus Offering in Australia, the Company issued 40,000,000 CHESS Depository Interests ("CDI"). Each CDI is equivalent to and exchangeable for one Common Share in the Company. As such, the Company issued 40,000,000 Common Shares and the shares were issued in Australia to the beneficial owners of the CDI units at a price of AUD 0.20 per CDI for gross proceeds of AUD 8,000,000 ($7,858,401, less issue and corporate costs of $1,164,928). Trading of the CDI units on the Australian Stock Exchange began on December 7, 2010.

The following table summarizes information about the warrants outstanding and exercisable as at December 31, 2010:

Number of Warrants	Exercise Price	Expiry Date
3,105,233	$0.30	13 February 2011
71,350	$0.18	13 February 2011
22,496,681	$0.15	3 March 2011
6,208,000	$0.30	25 August 2011
7,500	$0.31	9 July 2012
19,047,225	$0.31	22 July 2012
50,935,989		

The following table summarizes the information about Stock Options outstanding at December 31, 2010:

	Outstanding			Exercisable		
Range of Exercise Prices	Outstanding	Weighted Average Years Remaining	Weighted Average Exercise Price	Exercisable	Weighted Average Years Remaining	Weighted Average Exercise Price
$0.00 to $0.19	4,365,000	3.80	$ 0.15	4,365,000	3.80	$ 0.15
$0.20 to $0.39	8,230,000	2.59	0.26	7,730,000	2.58	0.26
$0.60 to $0.79	300,000	0.64	0.60	300,000	0.64	0.60
$0.80 to $1.00	1,652,000	1.44	0.84	1,652,000	1.44	0.84
Total	**14,547,000**	**2.78**	**$ 0.30**	**14,047,000**	**2.78**	**$ 0.30**

Share Data as of February 28, 2011

A total of 69,700 Common Shares was issued during February 2011, pursuant to the exercise of Agent's Warrants with an exercise price of $0.18 per share. A total of 200,000 Common Shares was issued in February 2011, pursuant to the exercise of Stock Options with an exercise price of $0.13 per share. A total of 206,559,197 Common Shares was issued and outstanding as of February 28, 2011.

12. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

	Surigao		**Batangas**						
	Agata	Tapian & Regional	El Paso	Lobo	Talahib	Archangel	**Pan de Azucar**	**Royalty Deposits**	**Total**
December 31, 2008	**$ 5,475,607**	**$ 2,600,825**	**$ 893,767**	**$ 4,253,143**	**$ 41,988**	**$ 6,890,983**	**$ 661,318**	**$ 176,260**	**$ 20,993,891**
General Exploration	(135,052)	54,209	3,735	26,315	12,596	9,264	2,097	-	(26,836)
Salaries & Benefits	295,707	93,470	-	3,400	179	3,833	2,263	-	398,852
Consulting & Professional Fees	22,260	74	47,132	5,856	9,565	321	-	-	85,208
Legal & Accounting	2,100	20	-	-	-	79	-	-	2,199
JV Partner's Share in Costs	208,063	(35,152)	-	-	-	-	-	-	172,911
Camp & Road Construction	1,647	7	33,337	-	2,939	(142)	-	-	37,788
Travel	22,060	1,385	32,386	-	3,098	235	360	-	59,524
Geology, Geophysics	31,563	-	294,386	-	79,609	-	-	-	405,558
Drilling	297,863	1,146	240,711	-	-	(7,405)	-	-	532,315
Mapping, Sampling	1,353	783	50,242	-	3,621	-	-	-	55,999
Acquistion Costs	30,195	23,709	508,473	181,916	34,870	53,741	16,760	-	849,664
Community & Environmental	67,267	6,806	2,568	-	730	856	3,093	-	81,320
Royalty Deposits Paid	-	-	-	-	-	-	-	35,058	35,058
December 31, 2009	**$ 6,320,633**	**$ 2,747,282**	**$ 2,106,737**	**$ 4,470,630**	**$ 189,195**	**$ 6,951,765**	**$ 685,891**	**$ 211,318**	**$ 23,683,451**
General Exploration	38,070	(149,003)	37,518	6	12,936	17,476	17,483	-	(25,514)
Salaries & Benefits	74,758	182,148	18,267	550	5,090	9,459	43,065	-	333,337
Consulting & Professional Fees	1,284,353	59,967	13,110	-	3,942	2,812	17,821	-	1,382,005
Legal & Accounting	36,445	205	-	-	-	1,049	-	-	37,699
JV Partner's Share in Costs	227,210	7,665	-	-	-	-	-	-	234,875
Camp & Road Construction	34,935	29,505	13,795	-	5,062	142	11,190	-	94,629
Travel	133,680	30,190	19,735	-	13,641	3,035	11,145	-	211,426
Geology, Geophysics	293,538	78,027	142,993	-	38,271	290	-	-	553,119
Drilling	237,811	251,994	66,470	-	208	-	12,368	-	568,851
Mapping, Sampling	25,584	12,273	9,510	-	-	-	322	-	47,689
Acquistion Costs	57,359	553,008	40,113	-	14,994	-	15,056	-	680,530
Community & Environmental	110,736	47,674	9,565	-	2,956	5,863	8,124	-	184,918
Royalty Deposits Paid	-	-	-	-	-	-	-	9,058	9,058
December 31, 2010	**$ 8,875,112**	**$ 3,850,935**	**$ 2,477,813**	**$ 4,471,186**	**$ 286,295**	**$ 6,991,891**	**$ 822,465**	**$ 220,376**	**$ 27,996,073**

13. FINANCIAL INSTRUMENTS

Fair value

The fair value of cash, restricted cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the short term nature of these instruments.

Risk management

The Company may be exposed to risks of varying degrees associated with its financial instruments. The Company has not used derivative instruments, nor has it designated any hedging relationships to manage these risks. There has been no change to how the Company manages each of the below risks from the prior period. The principal risks to which the company is exposed are described below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company had $9,907,882 in cash at December 31, 2010, on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk. The majority of the Company's cash is in Australian dollars where the consensus forecasts for interest rates are neutral to increases. A 1% interest rate fluctuation is expected to impact the net loss by $99,079.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and accounts receivable.

The majority of the Company's cash is held with major financial institutions in Canada, Australia and the Philippines. A significant portion of the Company's Canadian and Australian accounts receivable are due from the Canadian and Australian governments for the reimbursement of sales taxes. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

Foreign currency risk

Business is transacted by the Company in three currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

The Company has not hedged its exposure to currency fluctuations. At December 31, 2010 and December 31, 2009, the Company is exposed to currency risk through the following assets and liabilities in Philippine Pesos and Australian Dollars:

	December 31, 2010		December 31, 2009	
	Philippine Pesos	Australian Dollar	Philippine Pesos	Australian Dollar
Cash	10,083,875	7,325,566	21,278,191	-
Amounts receivable	3,250,327	71,195	5,409,550	-
Accounts payable	(14,093,299)	(163,521)	(21,795,457)	-
Net exposure	**(759,097)**	**7,233,240**	4,892,284	-
Exchange rate (CAD/FCU)	0.02345	1.01800	0.02248	0.93950
Exposure in Canadian Dollars	**(17,801)**	**7,363,438**	109,979	-

Based on net exposures as at December 31, 2010, and assuming all other variables remain constant, a 1% fluctuation in the exchange rate between the Canadian dollar and the Philippine peso would affect Mindoro's net loss by $178. A 1% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's net loss by $73,634.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The Company's working capital, (current assets less current liabilities), at December 31, 2010 is $9,429,195. The Company manages liquidity risk through management of its capital as disclosed in Section 13. As disclosed in Section 3, the continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. The Company may have to seek additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

14. CAPITAL DISCLOSURE

The Company's objectives in managing its capital are to maintain adequate levels of funding to support its operations; to perform diverse mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit. In order to maintain or adjust its capital, the Company, upon approval from its Board of Directors, may undertake a private placement or any other activity deemed appropriate under the specific circumstances. The Board of Directors of the Company reviews and approves any material transactions out of the ordinary course of business, including proposals on joint ventures, acquisitions or other major investments or divestitures, as well as capital and operating budgets. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits.

The Company may, from time to time, invest in short-term and liquid financial instruments held with major financial institutions, or in marketable securities. The Company does not maintain a formal investing strategy. The Company has no externally imposed capital requirements.

The Company's capital consists of the items included in shareholders' equity.

15. OFF-BALANCE SHEET ARRANGEMENTS

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

16. EVENTS SUBSEQUENT TO DECEMBER 31, 2010

Subsequent to December 31, 2010, an option agreement was signed with a Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 142 hectares adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1 million Philippine Pesos (approximately $23,000). Once the tenement is granted, the Philippine company will receive an additional payment of 2 million Philippine Pesos (approximately $46,000). The Philippine company will retain a 3% gross smelter royalty on payable nickel, cobalt and iron produced. One third of this royalty (1%) may be purchased by the Company for $US 5 million.

Subsequent to December 31, 2010, an option agreement was signed with a second Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 230 hectares adjoining the above-referenced property adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1.5 million Philippine Pesos (approximately $34,000). Once the tenement is granted and the Company has completed a due diligence phase and exercises the option, the Philippine company will receive payment of 28 million Philippine Pesos (approximately $640,000).

17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) MINERAL PROPERTIES AND EXPLORATION COSTS

Mineral properties and exploration costs consist of expenditures related to exploration for mineral resources on a property by property basis. This comprises costs of exploration and mining rights acquisition, property option payments, geological, geochemical and geophysical surveys, drilling, labor, materials and supplies, professional fees, community relations, environmental management expenditures and others.

All costs related to the exploration and development of mineral properties are deferred on a property by property basis until commencement of commercial production or a write-down is considered necessary. The recoverability of the amounts recorded for mineral properties and deferred costs are dependent on the existence of economically recoverable reserves and future profitable production from the mineral properties.

Mineral property interests are grouped as areas of interest where there is common geological and economic exploration potential in a geographic area. In such situations, certain claim blocks and interests within an area may lapse or be abandoned or may be farmed out. Consideration of impairment by management is based on the grouped area rather than individual claims or leases within an area of interest.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated rights of ownership of all of the mineral concessions in which it has interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Management reviews the carrying values of its mineral properties by areas of interest whenever events or changes in circumstance indicate that impairment may have occurred. When a property interest is considered to be impaired, fair value is determined with reference to discounted net present value of expected future net cash flows from use or disposition.

Incidental revenue derived from management fees from third parties are recorded first as a reduction of the specific mineral property and deferred costs to which the fees relate and any excess as a reduction to expenses in the consolidated financial statements of loss and comprehensive loss.

When properties are brought into commercial production, mineral properties and deferred costs related to a specific mine site will be amortized on a unit-of-production basis over economically recoverable reserves.

Mineral properties and deferred costs are written down when properties are abandoned or when cost exceeds net realizable value.

No provision for depletion of the amounts carried as mineral properties and deferred costs is included in the consolidated financial statements, as the properties are yet to reach commercial production.

(B) STOCK-BASED COMPENSATION

The Company has a Stock Option plan as described in Note 9(C) of the audited consolidated financial statements.

Stock-based compensation granted to employees, directors, officers and non-employees is accounted for using a fair value method. Compensation expense is amortized over the vesting period of the options or as earned, with a corresponding increase in contributed surplus. Any consideration paid on the exercise of Stock Options is credited to share capital. Contributed surplus recognized as a result of granting options is credited to share capital when the options are exercised.

(C) FOREIGN CURRENCY TRANSLATION

The Company follows the temporal method when translating foreign currency transactions and the financial statements of its integrated subsidiary. Under this method, foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at the balance sheet date for monetary items and at the transaction date for non-monetary items. Revenues and expenses are translated at average exchange rates for the period. Exchange gains or losses on translation of current and non-current monetary items are included in the determination of the loss for the period.

(D) FUTURE ACCOUNTING CHANGES

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations ("Section 1582"), 1601 – Consolidated Financial Statements ("Section 1601") and 1602 – Non-controlling Interests ("Section 1602") which replaces CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this section is permitted.

18. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal controls over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation arrangements.

The Company identified the following three phases of its conversion plan: initial scoping and impact assessment analysis, evaluation and design, and implementation and review. The initial scoping and impact assessment analysis isolated the key areas impacted by the transition to IFRS. The Company completed this phase in 2008 and 2009.

During 2010, the evaluation and design phase focused on the specific changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS, the quantification of financial statement impact and the preparation of draft financial statements. The adoption of IFRS will result in changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in the consolidated financial statements. The following summarizes potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change.

- Share-based Compensation

Canadian GAAP allows entities the option of recognizing stock options that vest in installments (i.e. graded vesting) as separate arrangements or as a single pool with a fair value based on the average life of the option. Under IFRS 2, Share-Based Payment, each installment must be accounted for as a separate arrangement with its own distinct fair value measurement. This is the case due to the fact that each installment has a different vesting period and hence the fair value of each installment is likely to be different. The compensation cost for each tranche is recognized over its own distinct vesting period. The Company is currently reviewing its fair value calculations for those option grants which are continuing to vest at the date of transition to determine the impact on the stock based compensation expense account balance under IFRS.

- Impairment

Per International Accounting Standard ("IAS) 36, Impairment of Assets, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity should estimate the recoverable amount of the asset. The indicators of impairment are generally consistent with those of Canadian GAAP. An asset should be written down to its recoverable amount if the recoverable amount is less than its carrying value. Further, under IAS 36, the Company would be required to reconsider whether there is any indication that an impairment loss recognized, if any, in a prior period may no longer exist or has decreased on transition and thereafter on an annual basis. If such indicators exist, a new recoverable amount should be calculated and all or part of the impairment charge should be reversed to the extent the recoverable amount exceeds its carrying value. This is different than Canadian GAAP where write ups are not permitted. After a detailed analysis, the Company believes it does not have any impairment at this time or any impaired asset in the past that needs to be reversed.

- Functional Currency

IAS 21, *The Effects of Changes in Foreign Exchange Rates*, highlights a more predefined method of determining the functional currency of an entity. This guidance differs from that within CICA 1651 "Foreign Currency Translation". In addition under Canadian GAAP two methods of translation are provided i.e. the temporal method and the current rate method. These methods are not used under IFRS, where, at the end of the each reporting period, the following should be performed:

(a) Foreign currency monetary items shall be translated using the closing rate.
(b) Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of transaction.
(c) Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

The Company is currently reviewing its method of translation as well as the criteria involved in determining the functional currency of the Company.

- Income Tax

  IAS 12, Income Taxes, requires the recognition of deferred tax assets or liabilities for all deductible and taxable temporary differences except in certain circumstances. Under IFRS, a deferred tax asset is recognized to the extent it is "probable" that taxable profit will be available against which the deductible temporary differences can be utilized. Under Canadian GAAP, future tax assets are recognized if it is more likely than not that such an asset will be realized. The term "probable" is not defined in IAS 12. However, entities have often used a definition of "more likely than not" similar to Canadian GAAP. IAS 12 does not preclude a higher threshold. Accordingly, a difference will not result as long as the Company uses "more likely than not" as its definition of "probable".

IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), sets forth guidance for the initial adoption of IFRS. Commencing for the period ending March 31, 2011, the Company will re-state its comparative fiscal 2010 consolidated financial statements for annual and interim periods to be IFRS compliant. In addition, the Company will reconcile equity and net earnings from the then previously reported fiscal 2010 Canadian GAAP amounts to the re-stated 2010 IFRS amounts. IFRS generally requires that first-time adopters retrospectively apply all IFRS standards and interpretations in effect as at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and certain optional exemptions. The Company is currently reviewing the optional exemptions to ascertain those it will use, if any. Changes to estimates previously made are not permitted. The estimates previously made by the Company under Canadian GAAP will not be revised for application of IFRS except where necessary to reflect any changes resulting from differences in accounting policies.

The International Accounting Standards Board is presently reviewing the IFRS standards and any future changes to the standards may have an effect on the changes required to the Company's accounting policies on adoption of IFRS.

To date, the Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies. The Audit Committee has been regularly updated on the progress of the IFRS conversion plan and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

The implementation and review phase involves the design of business, reporting and system processes to support the compilation of IFRS compliant financial data for the opening balance sheet at January 1, 2010, fiscal 2010 and thereafter. Along with this, ongoing training, testing of the internal control environment and updated processes for disclosure controls and procedures have commenced and will continue in 2011. In addition the review process will include sustainable IFRS compliant financial data and processes for fiscal 2011 and beyond. The Company will continue to monitor changes in IFRS throughout the duration the implementation process and assess their impacts on the organization and its reporting.

19. RISK AND UNCERTAINTIES

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company 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 the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in relatively remote, less developed areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

Improved market conditions for resource commodities over the past year has seen an increased global demand for mining professionals, equipment and related goods and services needed by the mining community. Management believes that the overall commodity price outlook has improved due to the return of significant growth in China. A relatively weak U.S. dollar, supply concerns and growing interest in commodities as a bona fide asset class are additional positive factors.

In contrast to last year, industry participants are observing a return to strong demand for base metals based on a recovery in the levels of GDP growth in China and other developing countries seen before the recent global downturn. The supply response to this increased demand has been sluggish and physical base metal markets moved into deficit during the first six months of 2010. As a result there is upward pressure on prices for base metals like copper and nickel as well as for precious metals like gold and silver that also benefit from a depreciating US dollar.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

20. TRENDS

Trends in the industry can materially affect how well any junior exploration company is performing. Growth in the demand for metals in developed economies such as Europe and North America has declined but has increased markedly in developing Asian countries such as China and to a lesser extent India. Under current economic conditions, the Company's future development highly depends on its ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically recoverable reserves within its projects. The use of metals in China and India may have a positive impact on overall world demand. This overall trend may continue for some time.

Management's Report

For the Years Ended December 31, 2010 and 2009

MINDORO
RESOURCES LTD

These financial statements are the responsibility of the Management of Mindoro Resources Ltd. (Mindoro). They have been prepared in accordance with Canadian generally accepted accounting principles using Management's best estimates and judgements, where appropriate.

Management is responsible for the reliability and integrity of the financial statements, notes to the financial statements and other financial information contained in this report. Estimates are sometimes necessary in the preparation of these statements because a precise determination of some assets and liabilities depends on future events. Management has based these estimates on careful judgements and believes they are properly reflected in the accompanying financial statements. Management is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Board of Directors of Mindoro is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal controls through its Audit Committee, which is comprised of independent Directors and meets at least every quarter. The Board also meets with Management to ensure that Management's responsibilities are fulfilled, to review financial statements and to recommend approval of the financial statements. The Board of Directors has approved the information contained in the financial statements. Independent auditors, D&H Group LLP, have audited the financial statements of Mindoro in accordance with Canadian generally accepted auditing standards.

Jon Dugdale
President and Chief Executive Officer
Edmonton, Canada
February 28, 2011

Rob King
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Mindoro Resources Ltd.

We have audited the accompanying consolidated financial statements of Mindoro Resources Ltd. which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of loss and comprehensive loss, statements of changes in equity and statements of cash flow for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mindoro Resources Ltd. as at December 31, 2010, and 2009, and its financial performance and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"D&H Group LLP"

Vancouver, B.C.
February 28, 2011

Chartered Accountants

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A B.C. Limited Liability Partnership of Corporations
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Consolidated Balance Sheets

MINDORO
RESOURCES LTD

(Expressed in Canadian Dollars, except where otherwise noted)

	Note	**December 31, 2010**	December 31, 2009
ASSETS			
CURRENT			
Cash		**$ 9,907,882**	$ 581,362
Restricted cash	*3*	**65,938**	442,771
Accounts receivable		**162,468**	133,684
Prepaid expenses and other current assets		**84,050**	47,128
		10,220,338	1,204,945
MINERAL PROPERTIES AND EXPLORATION COSTS	*4*	**27,996,073**	23,683,451
PROPERTY AND EQUIPMENT	*5*	**320,090**	195,101
		$ 38,536,501	$ 25,083,497
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**$ 791,143**	$ 764,325
ACCRUED BENEFIT OBLIGATION	*6*	**119,132**	86,156
FUTURE INCOME TAXES	*7*	**-**	186,413
FUTURE CAPITAL SUBSCRIPTION IN SUBSIDIARIES	*8*	**1,459,301**	1,164,917
		2,369,576	2,201,811
SHAREHOLDERS' EQUITY			
Share capital	*9*	**45,056,961**	32,380,570
Contributed surplus		**12,261,337**	8,363,069
Deficit		**(21,151,373)**	(17,861,953)
		36,166,925	22,881,686
		$ 38,536,501	$ 25,083,497

NATURE OF OPERATIONS (Note 1)
COMMITMENTS (Note 4 & 13)
SUBSEQUENT EVENTS (Note 17)

Approved by the Board,

(signed) "Doug A. Frondall" , Director

(signed) "A. Robson Garden" , Director

Consolidated Statements of Loss and Comprehensive Loss

MINDORO RESOURCES LTD

(Expressed in Canadian Dollars, except where otherwise noted)

	Note	**Years Ended December 31, 2010**	2009
REVENUE			
Interest		**$ 38,438**	$ 10,628
EXPENSES			
Administration		**28,119**	15,530
Advertising and promotion		**140,974**	42,093
Communications		**53,557**	38,024
Conferences and trade shows		**53,600**	19,857
Consulting and professional fees		**331,219**	117,123
Investor relations consultants		**68,987**	64,000
Listing fees and shareholder communications		**31,344**	22,513
Office, postage and sundry		**151,916**	81,047
Printing		**5,763**	1,695
Rent		**70,743**	68,811
Salaries and benefits	*12*	**1,276,096**	483,938
Stock based compensation - employees		**939,643**	760,790
Stock based compensation - consultants		**34,902**	44,595
Travel		**477,750**	87,418
Foreign exchange loss (gain)		**(147,629)**	(126,100)
Depreciation and amortization		**54,820**	84,609
		3,571,804	1,805,943
Loss on disposal of property and equipment		**(173)**	(34,508)
Gain on settlement of wages payable		**57,706**	-
		(3,475,833)	(1,829,823)
Provision for future income tax (expense) recovery	*7*	**186,413**	556,746
Net loss and comprehensive loss		**$ (3,289,420)**	$ (1,273,077)
Basic and diluted loss per share - basic and diluted		**$ (0.023)**	$ (0.012)
Weighted average number of common shares outstanding		**143,021,567**	102,981,169

Consolidated Statements of Changes in Equity

MINDORO RESOURCES LTD

(Expressed in Canadian Dollars, except where otherwise noted)

	Note	Common Shares Number of Shares	Common Shares Amount	Contributed Surplus	Deficit	Shareholders' Equity
Balance, December 31, 2008		**90,757,405**	**$ 31,273,311**	**$ 6,835,341**	**$ (16,588,876)**	**$ 21,519,776**
Common shares issued for:	*9. (A)*					
Private placements		9,338,233	449,048	642,353	-	1,091,401
Less issue costs			(61,025)	18,245		(42,780)
Mineral property acquisition		7,500,000	750,000	-	-	750,000
Less issue costs			(3,313)			(3,313)
Exercise of warrants		125,000	42,535	(23,785)	-	18,750
Warrant repricing		-	(69,986)	69,236	-	(750)
Stock-based compensation		-	-	821,679	-	821,679
Comprehensive loss for the period		-	-	-	(1,273,077)	(1,273,077)
Balance, December 31, 2009		**107,720,638**	**$ 32,380,570**	**$ 8,363,069**	**$ (17,861,953)**	**$ 22,881,686**
Common shares issued for:	*9. (A)*					
Private placements		54,047,225	5,590,025	3,000,845	-	8,590,870
Less issue costs			(536,795)	170,694		(366,101)
Prospectus offering		40,000,000	7,858,401	-	-	7,858,401
Less issue costs			(1,164,928)	-		(1,164,928)
Exercise of stock options		350,000	73,021	(30,521)	-	42,500
Less issue costs			(60)	-		(60)
Exercise of warrants		4,171,634	856,752	(230,476)	-	626,276
Less issue costs			(25)	-		(25)
Stock-based compensation		-	-	987,726	-	987,726
Comprehensive loss for the period		-	-	-	(3,289,420)	(3,289,420)
Balance, December 31, 2010		**206,289,497**	**$ 45,056,961**	**$ 12,261,337**	**$ (21,151,373)**	**$ 36,166,925**

Consolidated Statements of Cash Flow

MINDORO
RESOURCES LTD

(Expressed in Canadian Dollars, except where otherwise noted)

	Note	**Years Ended December 31, 2010**	2009
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Net loss		**$ (3,289,420)**	$ (1,273,077)
Items not affecting cash			
Stock-based compensation - employees		**939,643**	760,790
Stock-based compensation - consultants		**34,902**	44,595
Depreciation and amortization		**54,820**	84,609
Loss on disposal of property and equipment		**173**	34,508
Gain on settlement of wages payable		**(57,706)**	-
Provision (recovery) for future income tax expense		**(186,413)**	(555,768)
Unrealized foreign exchange gain		**-**	(69,683)
Accrued benefit obligation		**32,976**	(42,828)
Changes in non-cash working capital			
Accounts receivable		**(28,784)**	(84,057)
Prepaid expenses and other current assets		**(36,922)**	31,796
Accounts payable and accrued liabilities		**84,524**	360,008
		(2,452,207)	(709,107)
INVESTING			
Change in restricted cash		**376,833**	(442,771)
Expenditures on mineral properties and exploration costs		**(4,270,644)**	(1,883,980)
Proceeds from disposition of property and equipment		**-**	72,645
Acquisition of property and equipment		**(208,779)**	(71,548)
		(4,102,590)	(2,325,654)
FINANCING			
Issue of share capital, net of issuance costs		**15,586,933**	1,063,308
Cash received for future capital subscription		**294,384**	1,164,917
		15,881,317	2,228,225
INCREASE (DECREASE) IN CASH		**9,326,520**	(806,536)
CASH, BEGINNING OF PERIOD		**581,362**	1,387,898
CASH, END OF PERIOD		**$ 9,907,882**	$ 581,362

SUPPLEMENTAL CASH FLOW INFORMATION (Note 10)

1. NATURE OF OPERATIONS

Mindoro Resources Ltd.'s (the "Company" or "Mindoro") principal activity is the acquisition, exploration and development of mineral properties in the Philippines.

Based on the information available to date, the Company has not yet determined whether its mineral properties contain economically recoverable resources. The recoverability of the amounts shown for mineral property interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete exploration and development programs and ultimately upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, an underlying assumption being that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future.

The continued existence of the Company is dependent upon its ability to obtain additional sources of financing or negotiate appropriate farm-in arrangements, to fund current and future exploration and administrative expenditures, to meet obligations to preserve its interests in existing mineral properties and to achieve commercial production and positive cash flows from operations. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern.

If the going concern assumption was not appropriate to these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities and reported revenues and expenses.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) PRINCIPLES OF CONSOLIDATION

These consolidated financial statements of Mindoro include the accounts of the Company, its wholly-owned subsidiary, MRL Gold Phils., Inc., and the wholly-owned subsidiaries of MRL Gold Phils., Inc. All intercompany balances and transactions have been eliminated upon consolidation.

(B) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks, on hand and cash deposited in term deposits, with original terms to maturity of less than 90 days. At December 31, 2010 the Company had no cash equivalents (December 31, 2009 - nil).

(C) ASSET RETIREMENT OBLIGATIONS

The Company follows the CICA Handbook Section 3110 “Asset Retirement Obligations” which establishes standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. The standards apply to potential statutory, regulatory or civil obligations associated with the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. The standards require that a liability for an asset retirement obligation be recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made. Furthermore, a corresponding asset retirement cost would be recognized by increasing the carrying amount of the related long-lived asset. The initial fair value of the liability is accreted, by charges to operations, over the expected life. Management has reviewed the Company’s determinable future obligations of long-lived assets for known obligations.

(D) MINERAL PROPERTIES AND EXPLORATION COSTS

Mineral properties and exploration costs consist of expenditures related to exploration for mineral resources on a property by property basis. This comprises costs of exploration and mining rights acquisition, property option payments, geological, geochemical and geophysical surveys, drilling, labor, materials and supplies, professional fees, community relations, environmental management expenditures and others.

All costs related to the exploration and development of mineral properties are deferred on a property by property basis until commencement of commercial production or a write-down is considered necessary. The recoverability of the amounts recorded for mineral properties and deferred costs are dependent on the existence of economically recoverable reserves and future profitable production from the mineral properties.

Mineral property interests are grouped as areas of interest where there is common geological and economic exploration potential in a geographic area. In such situations, certain claim blocks and interests within an area may lapse or be abandoned or may be farmed out. Consideration of impairment by management is based on the grouped area rather than individual claims or leases within an area of interest.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated rights of ownership of all of the mineral concessions in which it has interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Management reviews the carrying values of its mineral properties by areas of interest whenever events or changes in circumstance indicate that impairment may have occurred. When a property interest is considered to be impaired, fair value is determined with reference to discounted net present value of expected future net cash flows from use or disposition.

Incidental revenue derived from management fees from third parties are recorded first as a reduction of the specific mineral property and deferred costs to which the fees relate and any excess as a reduction to expenses in the consolidated financial statements of loss and comprehensive loss.

When properties are brought into commercial production, mineral properties and deferred costs related to a specific mine site will be amortized on a unit-of-production basis over economically recoverable reserves.

Mineral properties and deferred costs are written down when properties are abandoned or when cost exceeds net realizable value.

No provision for depletion of the amounts carried as mineral properties and deferred costs is included in the consolidated financial statements, as the properties are yet to reach commercial production.

(E) PROPERTY AND EQUIPMENT

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the company. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Property and equipment are amortized over the estimated useful life of each asset using the following annual rates and methods:

Computer Hardware and Software	30 percent declining balance
Vehicles and Field Equipment	20 percent straight-line
Office Equipment & Furnishings	20 percent declining balance
Leasehold Improvements	straight-line over the lease term

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of its carrying amount to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds its fair value. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(F) STOCK-BASED COMPENSATION

The Company has a Stock Option plan as described in Note 9(C).

Stock-based compensation granted to employees, directors, officers and non-employees is accounted for using a fair value method. Compensation expense is amortized over the vesting period of the options or as earned, with a corresponding increase in contributed surplus. Any consideration paid on the exercise of Stock Options is credited to share capital. Contributed surplus recognized as a result of granting options is credited to share capital when the options are exercised.

(G) INCOME TAXES

Income taxes are accounted for using the liability method of income tax allocation. Under the liability method, income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from temporary differences between the carrying values of balance sheet items and their corresponding tax bases. Income tax assets are also recognized for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities, provided those benefits are more likely than not to be realized. Future income tax assets and liabilities are determined based on the enacted or substantively enacted tax laws and rates that are anticipated to apply in the period of realization. The effect on future income tax assets and liabilities from a change in tax rates is recognized in the period of enactment or substantive enactment.

(H) PER SHARE AMOUNTS

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase Common Shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated by dividing the aggregate net loss for the period by the total weighted average number of shares outstanding at the end of the period.

Loss per share on a diluted basis is not presented separately as the effect of outstanding Stock Options and Purchase Warrants would be anti-dilutive. Accordingly, basic loss per share and diluted loss per share are equal for both years presented.

(I) MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include assessing the impairment of mineral properties and exploration costs, allocation of costs to mineral property interests, impairment and amortization of property and equipment, stock-based compensation, future income tax, asset retirement obligations and employee future benefits. Actual results could differ from those estimates.

(J) FOREIGN CURRENCY TRANSLATION

The Company follows the temporal method when translating foreign currency transactions and the financial statements of its integrated subsidiary. Under this method, foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at the balance sheet date for monetary items and at the transaction date for non-monetary items. Revenues and expenses are translated at average exchange rates for the period in which they were earned or incurred. Exchange gains or losses on translation of current and non-current monetary items are included in the determination of the loss for the period.

(K) EMPLOYEE FUTURE BENEFITS

As a requirement under Philippines law, the Company’s wholly-owned subsidiary, MRL Gold Phils., Inc., has an unfunded, defined benefit retirement plan covering the retirement, separation, death and disability benefits of all its eligible employees. The Company has adopted the following policies:

i. The cost of the accrued benefit obligations for pensions earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages and other actuarial factors.

ii. Past service costs from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.

iii. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10 percent of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

iv. When a restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

(L) FINANCIAL INSTRUMENTS

Company classifies its financial instruments into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets and other financial liabilities as outlined below:

Financial instruments classification	As classified by the Company	Initial and subsequent measurement
Assets or liabilities held for trading	Cash Restricted cash	Fair value; realized and unrealized gains and losses recognized in net income
Loans and receivables	Accounts receivable	Initially recorded at fair value and measured subsequently at amortized cost using the effective interest rate method
Other financial liabilities	Accounts payable and accrued liabilities	Initially recorded at fair value and measured subsequently at amortized cost using the effective interest rate method

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value represents a point-in-time measurement that may change in subsequent reporting periods due to market conditions or other factors.

Transaction costs relating to financial assets and liabilities classified as other than held-for-trading are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the instrument using the effective interest method. The effective interest method calculates the amortized cost of a financial asset or liability and allocates the interest income or expense over the term of the financial asset or liability using an effective interest rate.

CICA Handbook Section 3862 "Financial Instruments - Disclosure" requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The accounting standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. CICA Handbook Section 3862 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1- applies to assets and liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – applies to assets or liabilities for which there are unobservable market data.

The Company's consolidated financial statements consist principally of cash, restricted cash, accounts receivable and accounts payable and accrued liabilities. Pursuant to CICA Handbook Section 3862, fair value of assets and liabilities measured on a recurring basis includes cash based on Level 1 inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of all accounts receivable and payable approximate their current fair values because of their nature and respective maturity dates or durations.

(M) COMPREHENSIVE INCOME (LOSS)

The Company follows CICA Handbook Section 1530, "Comprehensive Income". This Section represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments and changes in the fair market value of derivative instruments designated as cash flow hedges. Amounts included in other comprehensive income are shown net of tax. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented (if applicable) as a separate category of shareholders' equity.

(N) FUTURE ACCOUNTING CHANGES

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations ("Section 1582"), 1601 – Consolidated Financial Statements ("Section 1601") and 1602 – Non-controlling Interests ("Section 1602") which replaces CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted, although the Company has not elected to do so. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011.

3. RESTRICTED CASH

Restricted cash includes funds advanced by a joint venture partner to two wholly owned Philippine subsidiaries of MRL Gold Phils., Inc. The cash will be used for exploration expenditures on the joint venture properties under permit in the Batangas region by the two subsidiaries during the earn-in phases of the joint venture agreements.

4. MINERAL PROPERTIES AND EXPLORATION COSTS

The following table summarizes Mindoro's expenditures in 2010 and 2009:

	Surigao		**Batangas**						
	Agata	Tapian & Regional	El Paso	Lobo	Talahib	Archangel	**Pan de Azucar**	**Royalty Deposits**	**Total**
December 31, 2008	**5,475,607**	**2,600,825**	**893,767**	**4,253,143**	**41,988**	**6,890,983**	**661,318**	**176,260**	**20,993,891**
Property									
Acquistion	30,195	23,709	508,473	181,916	34,870	53,741	16,760	-	**849,664**
Exploration	814,831	122,748	704,497	35,571	112,337	7,041	7,813	-	**1,804,838**
Royalty Deposits	-	-	-	-	-	-	-	35,058	**35,058**
December 31, 2009	**6,320,633**	**2,747,282**	**2,106,737**	**4,470,630**	**189,195**	**6,951,765**	**685,891**	**211,318**	**23,683,451**
Property									
Acquistion	57,359	553,008	40,113	-	14,994	-	15,056	-	**680,530**
Exploration	2,497,120	550,645	330,963	556	82,106	40,126	121,518	-	**3,623,034**
Royalty Deposits	-	-	-	-	-	-	-	9,058	**9,058**
December 31, 2010	**8,875,112**	**3,850,935**	**2,477,813**	**4,471,186**	**286,295**	**6,991,891**	**822,465**	**220,376**	**27,996,073**

The following table summarizes Mindoro's earned mineral property interests and future commitments at December 31, 2010:

Region	*Project(s)*	*Interest Earned*	*Terms for Further Earn-In And Potential Future Commitments*
Surigao	Agata, Tapian & Regional (except Mat-I project)	75%	(i) Option to earn additional 10%: pay 0.5% of mining reserve gross value with a minimum US$5 million payment per mining reserve. (ii) Option to earn additional 15% interest by issuing Common Shares (issued in 2006), making annual cash payments (US$ 125,000 in 2010) until production, making a cash payment of 0.75% of mining reserve gross value, with a minimum payment of US$ 7.5 million upon completion of a bankable feasibility study on mining reserve, and a 1% net smelter royalty.
Surigao	Mat-I	10%	(i) The Company can earn an additional 30% interest upon completion of expenditure requirement (15 million Pesos) within two years from the execution of the Mineral Production Sharing Agreement ("MPSA"); the MPSA has not yet been approved as of this date. (ii) The Company may earn an additional 35% upon completion of the expenditure requirement (15 million Pesos) within one year. (iii) Mat I is included in option agreements for the Surigao properties and the Company can earn up to 100%
Batangas	El Paso, Lobo and Talahib	100%	Joint venture ("JV") agreement in effect whereby JV partner may earn up to a 75% direct and indirect interest in the separate JV projects in Batangas by sole funding exploration and completing a feasibility study for each project. Payment due to tenement holders at the start of production will include a one-time amount of US$ 1 million applicable to the first mineral deposit to start production only, and will also be granted a 1% Net Smelter Royalty on all metals produced from the Batangas projects (includes Archangel Project, below).
Batangas	Archangel	100%	One time payment to tenement holders at the start of production, as per terms set out above for the other Batangas projects.
Panay	Pan de Azucar	40%	The Company may earn an additional 35% upon completion of the expenditure requirement (15 million Pesos) by October 27, 2011.

Royalty Deposits

Royalty payments are included in the mineral property and exploration costs. The payment amounts to the tenement holders and the related due dates are scheduled according to the terms of the executed royalty agreements. In 2010, royalty payments amounted to $9,058 (2009 - $35,058).

5. PROPERTY AND EQUIPMENT

	Computer Hardware	Computer Software	Vehicles	Field Equipment	Office Equipment & Furnishings	Leasehold Improvements	Total
Cost							
December 31, 2008	87,374	127,567	120,114	131,556	78,786	79,192	624,589
Additions	13,710	15,578	34,491	4,784	1,066	1,919	71,548
Disposals	(8,135)	(6,932)	(42,778)	(97,221)	(3,738)	-	(158,804)
December 31, 2009	92,949	136,213	111,827	39,119	76,114	81,111	537,333
Additions	20,614	9,860	93,444	30,556	44,367	9,938	208,779
Disposals	-	-	-	-	(300)	-	(300)
December 31, 2010	**113,563**	**146,073**	**205,271**	**69,675**	**120,181**	**91,049**	**745,812**
Accumulated depreciation							
December 31, 2008	44,532	75,534	45,635	33,593	37,860	32,834	269,988
Depreciation	13,536	16,688	20,906	18,048	7,865	46,852	123,895
Disposals	(1,431)	(829)	(23,147)	(25,182)	(1,062)	-	(51,651)
December 31, 2009	56,637	91,393	43,394	26,459	44,663	79,686	342,232
Depreciation	13,855	14,989	27,129	13,289	10,621	3,734	83,617
Disposals	-	-	-	-	(127)	-	(127)
December 31, 2010	**70,492**	**106,382**	**70,523**	**39,748**	**55,157**	**83,420**	**425,722**
Net book value at:							
December 31, 2008	42,842	52,033	74,479	97,963	40,926	46,358	354,601
December 31, 2009	36,312	44,820	68,433	12,660	31,451	1,425	195,101
December 31, 2010	**43,071**	**39,691**	**134,748**	**29,927**	**65,024**	**7,629**	**320,090**

6. ACCRUED BENEFIT OBLIGATION

The Company's wholly-owned subsidiary, MRL Gold Phils., Inc., has an unfunded, defined benefit retirement plan covering the retirement, separation, death and disability benefits of all its eligible employees. The benefit plan expense and liability are as follows:

	December 31, 2010	December 31, 2009
Current service cost	$ 25,885	$ 15,946
Interest cost	6,495	7,700
Amortization of unrecognized actuarial gain	329	1,370
Curtailment cost (gain)	-	33,174
Foreign exchange gain (loss)	267	(15,362)
Expense charged to operations	**$ 32,976**	$ 42,828
Balance at January 1	$ 74,815	$ 96,244
Current service cost	25,885	15,946
Interest cost	6,495	7,700
Actuarial loss (gain)	20,495	4,083
Benefits paid	-	(70,726)
Curtailment cost (gain)	-	33,174
Foreign exchange gain (loss)	633	(11,606)
Present value of defined benefit obligation	**$ 128,323**	$ 74,815
Present value of defined benefit obligation	$ 128,323	$ 74,815
Unrecognized actuarial gain (loss)	(9,240)	11,481
Foreign exchange gain (loss)	49	(140)
Recognized liability	**$ 119,132**	$ 86,156

The weighted average significant actuarial assumptions used to determine the accrued benefit obligation and the benefit cost are as follows:

	2010	2009
Discount rate	8.0%	8.5%
Rate of compensation increase	10.0%	10.0%

The curtailment calculation included in the prior year expense was required because the expected working lifetime of the covered employees of the Company's subsidiary was revalued due to the workforce reductions experienced at MRL Gold Phils Inc. in 2008 and 2009. The reductions eliminated future benefits to be paid. During the current year the number of employees included in the actuarial review increased to twenty-two from twenty persons. The actuarial report on the Employees' Retirement Plan of MRL Gold Phils, Inc. was for the periods ending December 31, 2009 and 2010. The valuation dates used were January 1, 2009 and January 1, 2010.

7. INCOME TAXES

i. Future income tax:

	December 31, 2010	December 31, 2009
Future Tax Assets		
Tax values in excess of book value of accounts receivable, mineral properties and exploration costs and property and equipment	$ 120,399	$ 305,398
Retirement benefit	18,497	16,116
Share issue costs	349,097	87,373
Unrealized foreign exchange loss	53,048	125,506
Loss carry forwards	2,578,656	2,090,802
	$ 3,119,697	$ 2,625,195
Future Tax Liability		
Unrealized foreign exchange gain	$ -	$ (186,413)
	$ 3,119,697	$ 2,438,782
Valuation allowance	(3,119,697)	(2,625,195)
Net Future Tax Liability	**$ -**	$ (186,413)

ii. Income tax expense (recovery):

	2010	2009
Current income tax expense (recovery)	$ -	$ (978)
Future income tax expense (recovery)	(186,413)	(555,768)
	$ (186,413)	$ (556,746)

Income tax expense (recovery) differs from that which would be expected from applying the combined effective income tax rates of 28% (2009 – 30%) to the net loss as follows:

	2010	2009
Net loss per consolidated financial statements	$ (3,475,833)	$(1,829,823)
Expected income tax recovery	(980,940)	(548,948)
Unrealized foreign exchange loss of subsidiary	46,651	(733,425)
Effect of change in substantively enacted tax rates	200,336	-
Stock-based compensation	272,873	229,334
Share issuance costs	(405,161)	(60,246)
Expiration of non-capital losses carried forward	171,787	288,955
Change in valuation allowance	494,501	284,992
Other non-deductible amounts	13,540	(17,408)
	$ (186,413)	$ (556,746)

iii. Tax loss carry forwards:

At December 31, 2010, the Company has non-capital taxable losses of approximately $9 million (2009 - $6.6 million) available to reduce Canadian taxable income in future years that expire at various dates until 2030. The

Company has other deductible tax pools of approximately $3.1 million (2009 – $2.1 million) for Canadian income tax purposes that are available to reduce taxable income of future years. The Company's subsidiaries in the Philippines have losses for income tax purposes of approximately $1.1 million (2009 – $1.3 million) which may be carried forward for three years from occurrence.

8. FUTURE CAPITAL SUBSCRIPTION IN SUBSIDIARIES

Deposit for future capital subscription in subsidiaries includes funds received from a joint venture partner as payment for future subscription of shares in Philippine subsidiaries that are wholly owned by the Company. During the earn-in periods and in accordance with expenditure requirements agreed upon for three joint venture exploration projects on properties under permit to the Company subsidiaries, the joint venture partner may earn up to a 75 percent interest in each of the three projects by soley funding exploration and a feasibility study on each project.

9. SHARE CAPITAL

(A) SHARES ISSUED

a. Pursuant to receiving regulatory approval on January 15, 2009 and as consideration for the purchase of mineral property rights, 40 percent of the shares in Egerton and shareholder advances, the Company issued a total of 7,500,000 Common Shares to the shareholders of Egerton. As per the November 28, 2008 agreement, the Company issued 1,528,419 Common Shares at $0.10 per share ($152,842) as gross consideration for mineral property rights in Egerton, 251,903 Common Shares at $0.10 per share ($25,190) as gross consideration for 40 percent of the outstanding shares in Egerton and 5,719,678 Common Shares at $0.10 per share ($571,968) as gross consideration for shareholder advances to Egerton. The issuance costs for the 7,500,000 Common Shares totaled $3,313 and was charged to share capital.

b. In February of 2009, pursuant to a Private Placement, the Company issued 3,105,233 Units at $0.15 per Unit for gross proceeds of $465,785 less finders' fees and other costs of $27,675. Each Unit consisted of one Common Share and one Common Share Purchase Warrant ("Purchase Warrant"). Each Purchase Warrant allows the holder to purchase one additional Common Share at a price of $0.30 for a period of two years from the close of the offering. A total of 3,105,233 Purchase Warrant and 122,700 Agent's Warrants are exercisable pursuant to this Private Placement. The Agent's Warrant is exercisable at $0.18 per Unit, where each Unit consists of one Common Share. The fair value of Purchase Warrants issued in this Private Placement in the amount of $255,333 was charged to share capital. The fair value of Agent's Warrants issued, in the amount of $12,173, was also charged to share capital.

c. In August of 2009, pursuant to a Private Placement, the Company issued 6,233,000 Units at $0.10 per Unit for gross proceeds of $623,300 less finders' fees and other costs of $15,105. Each Unit consisted of one Common Share and one Purchase Warrant. Each Purchase Warrant allows the holder to purchase one additional Common Share at a price of $0.20 per share in the first year or $0.30 per share in the second year. A total of 6,233,000 Purchase Warrants and 75,300 Agent's Warrants are exercisable pursuant to this Private Placement. The Agent's Warrant is exercisable at $0.12 per Unit, where each Unit consists of one Common Share. The fair value of Purchase Warrants issued in this Private Placement in the amount of $384,704 was charged to share capital. The fair value of Agent's Warrants issued, in the amount of $6,072, was also charged to share capital.

d. In March of 2010, pursuant to a Private Placement, the Company issued 25,000,000 Units at $0.105 per Unit for gross proceeds of $2,625,000 less finders' fees and other costs of $201,700. Each Unit consisted of one Common Share and one Purchase Warrant. Each Purchase Warrant allows the holder to purchase one additional Common Share at a price of $0.15 for a period of one year from the close of the Private Placement. A total of 25,000,000 Purchase Warrants and 1,516,665 Agent's Warrants were issued pursuant to this Private Placement. Each Agent's Warrant is exercisable at $0.15 for one Common Share. The relative fair value of Purchase Warrants issued in this Private Placement in the amount of $1,354,778 was charged to share capital. The fair value of Agent's Warrants issued, in the amount of $169,851, was also charged to share capital.

e. In July of 2010 and pursuant to a Private Placement, the Company issued 19,047,225 Units at $0.208 per Unit for gross proceeds of $3,965,870 less finders' fees and other costs of $152,605. Each Unit consisted of one Common Share and one Purchase Warrant. Each Purchase Warrant allows the holder to purchase one additional Common Share at a price of $0.31 for a period of five years from the close of the Private Placement. A total of 19,047,225 Purchase Warrants and 7,500 Agent's Warrants were issued pursuant to this Private Placement. Each Agent's Warrant is exercisable at $0.31 for one Common Share. The relative fair value of Purchase Warrants issued in this Private Placement in the amount of $1,646,067 was charged to share capital. The fair value of Agent's Warrants issued, in the amount of $843, was also charged to share capital.

f. In November of 2010 and pursuant to concurrent Prospectus and Private Placement offerings, the Company issued 50,000,000 Common Shares for combined gross proceeds of $9,858,401. Under the terms of the Prospectus, the Company issued 40,000,000 CHESS Depository Interests ("CDI"). Each CDI is equivalent to and exchangeable for one Common Share in the Company. As such, the Company issued 40,000,000 Common Shares and the shares were issued in Australia to the beneficial owners of the CDI units at a price of AUD 0.20 per CDI for gross proceeds of AUD 8,000,000 ($7,858,401). Trading of the CDI units on the Australian Stock Exchange began on December 7, 2010. Under the terms of the Private Placement, the Company issued 10,000,000 Common Shares at $0.20 per Common Share for gross proceeds of $2,000,000. Issue costs of $1,176,724 were recorded for these offerings.

(B) PURCHASE WARRANTS

	December 31, 2010	December 31, 2009
Purchase Warrants	Number	Number
Balance, beginning of year	9,536,233	18,614,534
Issued pursuant to private placements	45,571,390	9,536,233
Exercised	(4,171,634)	(125,000)
Expired	-	(18,489,534)
Balance, end of period	**50,935,989**	9,536,233

The following table summarizes information about the warrants outstanding and exercisable as at December 31, 2010 and 2009:

December 31, 2010			December 31, 2009		
Number of Warrants	Exercise Price	Expiry Date	Number of Warrants	Exercise Price	Expiry Date
3,105,233	$0.30	February 2011	6,233,000	$0.20	August 2010
71,350	0.18	February 2011	3,105,233	0.30	February 2011
22,496,681	0.15	March 2011	122,700	0.18	February 2011
6,208,000	0.30	August 2011	75,300	0.12	August 2011
7,500	0.31	July 2012			
19,047,225	0.31	July 2015			
50,935,989			9,536,233		

The grant date fair value of the warrants are recorded as an increase to contributed surplus and a decrease to share capital as an issuance cost of each private placement. The fair value of Purchase Warrants is estimated at the grant date using the Black-Scholes option pricing model. The warrants issued during the current year were valued using the following weighted average assumptions:

	2010	2009
Risk Free Interest Rate	1.61%	1.30%
Expected Life	2.67 years	1.67 years
Expected Volatility	131%	145%
Expected Dividend	-	-

(C) STOCK OPTIONS

	December 31, 2010		December 31, 2009	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of year	9,587,000	$ 0.41	7,145,500	$ 0.54
Issued	7,000,000	0.22	3,015,000	0.13
Exercised	(350,000)	0.12	-	0.00
Expired	(803,000)	0.37	(50,000)	0.23
Forfeited	(887,000)	0.84	(523,500)	0.67
Outstanding at end of year	**14,547,000**	**0.30**	9,587,000	0.41
Exercisable at end of year	**14,047,000**	**$ 0.30**	9,312,000	$ 0.41

The Company has a Stock Option plan under which directors, officers, consultants and employees of the Company are eligible to receive Stock Options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan may not exceed 10 percent of the issued and outstanding Common Shares. The Board of Directors shall determine the terms and provisions of the options at the time of grant.

The expiry date of the options granted may not exceed ten years from the date of grant. The exercise price of each option shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed.

The weighted average fair value of options issued in 2010 on the date of grant was $0.15 per Stock Option (2009 - $0.11). The fair value of Stock Options is estimated at the grant date using the Black-Scholes option pricing model based on the following ranges of assumptions:

	2010	2009
Risk Free Interest Rate	1.64%	2.35%
Expected Life	3.52 years	4.70 years
Expected Volatility	129%	119%
Expected Dividend	-	-
Expected Forfeitures	-	-

The following table summarizes Stock Options outstanding and exercisable as at December 31, 2010.

	Outstanding			Exercisable		
Range of Exercise Prices	Outstanding	Weighted Average Years Remaining	Weighted Average Exercise Price	Exercisable	Weighted Average Years Remaining	Weighted Average Exercise Price
$0.00 to $0.19	4,365,000	3.80	$ 0.15	4,365,000	3.80	$ 0.15
$0.20 to $0.39	8,230,000	2.59	0.26	7,730,000	2.58	0.26
$0.60 to $0.79	300,000	0.64	0.60	300,000	0.64	0.60
$0.80 to $1.00	1,652,000	1.44	0.84	1,652,000	1.44	0.84
Total	**14,547,000**	**2.78**	**$ 0.30**	**14,047,000**	**2.78**	**$ 0.30**

10. SUPPLEMENTAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the statements of cash flow:

	Years Ended December 31,	
	2010	2009
Non Cash Investing/Financing Activities		
Common shares issued for mineral properties	**$ -**	$ 750,000
Stock-based compensation charged to mineral properties	**13,181**	16,294
Depreciation charged to mineral properties	**28,797**	39,286
Fair value of warrants issued	**3,171,439**	660,598
Fair value of options exercised	**(30,521)**	-
Fair value of warrants exercised	**(230,476)**	(23,785)
Fair value of warrants repriced	**-**	69,236
Supplemental cash flow information		
Interest received	**38,699**	10,367
Income taxes paid	**(2,580)**	-

11. RELATED PARTY TRANSACTIONS

The following transactions are in the normal course of operations and are measured at the exchange amount that is the amount of consideration established and agreed to by the related parties.

a. Pursuant to a management and advisory agreement with a consulting firm in August 2009, the firm agreed to act as corporate advisor and provide a Chief Financial Officer of the Company in return for a monthly fee. The firm’s agreement was amended in September 2010 to only provide corporate advisory services to January 2011. During the first nine months of 2010, the Company recorded $58,500 in consulting and professional fees (2009 - $32,500). The consulting firm was granted 200,000 Stock Options in 2009.

b. As at December 31, 2010, accounts payable and accrued liabilities includes $nil (2009- $199,197) of salaries and benefits owing to one officer of the Company.

c. Pursuant to a management consulting services agreement with an exploration consulting firm executed in March 2010, the firm provided the services of an individual to act as Director of Exploration, Chief Operating Officer of the Company and as President of a Subsidiary of the Company. During 2010, the Company recorded $309,000 in fees from this firm (2009 - $nil). These fees were charged to mineral properties and exploration costs.

d. In 2010, the Company paid a consulting firm $15,009 for consulting services. A director of the Company is the managing director of this firm (2009 - $nil). These fees were charged to mineral properties and exploration costs.

12. SALARIES AND BENEFITS

Salaries & benefits expense includes salaries and benefits for employees and officers of the Company. The expense includes $1,276,096 (2009- $284,741) in paid salaries and benefits and $nil (2009- $199,197) in salaries and benefits payable.

13. COMMITMENTS

At December 31, 2010 the future minimum lease commitments remaining under office and building leases are as follows:

2011	$	64,699
2012		59,339
2013		25,127
	$	149,165

Rent expense charged to operations amounted to $70,743 and $68,811 in 2010 and 2009 respectively.

14. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition, exploration and development of mineral properties in the Philippines through its wholly-owned subsidiary, MRL Gold Phils., Inc. The Company's administrative offices are located in Edmonton, Canada and Melbourne, Australia.

Geographical information is as follows:

	As at December 31, 2010		As at December 31, 2009	
	Mineral Properties & Exploration	Property & Equipment	Mineral Properties & Exploration	Property & Equipment
Philippines	$ 27,996,073	$ 270,661	$ 23,683,451	$ 166,020
Canada	-	22,018	-	29,081
Australia	-	27,411	-	-
	$ 27,996,073	**$ 320,090**	$ 23,683,451	$ 195,101

15. FINANCIAL INSTRUMENTS

Fair value

The fair value of cash, restricted cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the short term nature of these instruments.

Risk management

The Company may be exposed to risks of varying degrees associated with its financial instruments. The Company has not used derivative instruments, nor has it designated any hedging relationships to manage these risks. There has been no change to how the Company manages each of the below risks from the prior period. The principal risks to which the company is exposed are described below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company had $9,907,882 in cash at December 31, 2010, on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk. The majority of the Company's cash is in Australian dollars where the consensus forecasts for interest rates are neutral to increases. A 1% interest rate fluctuation is expected to impact the net loss by $99,079.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and accounts receivable.

The majority of the Company's cash is held with major financial institutions in Canada, Australia, and the Philippines. A significant portion of the Company's Canadian and Australian accounts receivable are due from the Canadian and Australian governments for the reimbursement of sales taxes. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

Foreign currency risk

Business is transacted by the Company in three currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

The Company has not hedged its exposure to currency fluctuations. At December 31, 2010 and December 31, 2009, the Company is exposed to currency risk through the following assets and liabilities in Philippine Pesos and Australian Dollars:

	December 31, 2010		December 31, 2009	
	Philippine Pesos	Australian Dollar	Philippine Pesos	Australian Dollar
Cash	10,083,875	7,325,566	21,278,191	-
Amounts receivable	3,250,327	71,195	5,409,550	-
Accounts payable	(14,093,299)	(163,521)	(21,795,457)	-
Net exposure	**(759,097)**	**7,233,240**	4,892,284	-
Exchange rate (CAD/FCU)	0.02345	1.01800	0.02248	0.93950
Exposure in Canadian Dollars	**(17,801)**	**7,363,438**	109,979	-

Based on net exposures as at December 31, 2010, and assuming all other variables remain constant, a 1% fluctuation in the exchange rate between the Canadian dollar and the Philippine peso would affect Mindoro's net loss by $178. A 1% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's net loss by $73,634.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The Company's working capital, (current assets less current liabilities), at December 31, 2010 is $9,429,195. The Company manages liquidity risk through management of its capital as disclosed in Note 16. As disclosed in Note 1 the continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. The Company may have to seek additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

16. CAPITAL DISCLOSURE

The Company's objectives in managing its capital are to maintain adequate levels of funding to support its operations; to perform diverse mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit. In order to maintain or adjust its capital, the Company, upon approval from its Board of Directors, may undertake a private placement or any other activity deemed appropriate under the specific circumstances. The Board of Directors of the Company reviews and approves any material transactions out of the ordinary course of business, including proposals on joint ventures, acquisitions or other major investments or divestitures, as well as capital and operating budgets. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits.

The Company may, from time to time, invest in short-term and liquid financial instruments held with major financial institutions, or in marketable securities. The Company does not maintain a formal investing strategy. The Company has no externally imposed capital requirements.

The Company's capital consists of the items included in shareholders' equity.

17. SUBSEQUENT EVENTS

Subsequent to December 31, 2010, an option agreement was signed with a Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 142 hectares adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1 million Philippine Pesos (approximately $23,000). Once the tenement is granted, the Philippine company will receive an additional payment of 2 million Philippine Pesos (approximately $46,000). The Philippine company will retain a 3% gross smelter royalty on payable nickel, cobalt and iron produced. One third of this royalty (1%) may be purchased by the Company for $US 5 million.

Subsequent to December 31, 2010, an option agreement was signed with a second Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 230 hectares adjoining the above-referenced property adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1.5 million Philippine Pesos (approximately $34,000). Once the tenement is granted and the Company has completed a due diligence phase and exercises the option, the Philippine company will receive payment of 28 million Philippine Pesos (approximately $640,000).