MINDORO
RESOURCES LTD

Consolidated Interim Financial Statements

(Unaudited)

March 31, 2006

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Mindoro trades on the TSX Venture Exchange under the symbol MIO
and on the Frankfurt Stock Exchange under the symbol OLM

MINDORO RESOURCES LTD.
Management's Discussion and Analysis
Three Months Ended March31, 2006

This Management Discussion and Analysis for the year ended March 31, 2006 should be read in conjunction with the unaudited interim consolidated financial statements.

NATURE OF THE BUSINESS

Mindoro Resources Ltd. ("Mindoro" or "the Company") is a Canadian-based mineral exploration and development company holding interests in the Philippines. The primary corporate objective is the acquisition, exploration and, when successful, development and production of gold, copper-gold and nickel properties in the Asia-Pacific region. There is no commercial production from any mineral property in which Mindoro has an interest. There is no established source of revenue and the Company presently operates at a loss. All operations have been funded by equity subscriptions. Revenue for the current period was derived from interest income. All project expenditures are capitalized in deferred exploration where, upon development of an operating mine, these expenses can be recovered against income from operations. If the Company chooses to discontinue exploration activities on a particular property then the to-date expenses are written off against income.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable reserves. The recovery of expenditures on mineral properties and the related deferred exploration expenditures are dependent upon the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and the development of the mineral properties, and upon future profitable production or alternatively, on the sufficiency of proceeds from disposition.

The following information, prepared as of May 20, 2006, should be read in conjunction with the March 31, 2006, unaudited interim consolidated financial statements, which have been prepared in accordance with Canadian generally accepted accounting principals. All amounts are expressed in Canadian dollars, unless otherwise indicated.

OVERALL PERFORMANCE

The Company's main assets are located in the Batangas and Surigao Districts of the Philippines.

<u>Batangas Projects, Luzon</u>

Mindoro may earn up to a 75 percent interest in the 24,000 hectare Batangas land package from Egerton Gold Philippines Inc., a private Philippine company. The Company has earned 51 percent interest to date, and may earn the remaining 24 percent interest by taking any one Batangas Project (Lobo or Archangel) to the feasibility stage. Both Lobo and Archangel are held under a Mineral Production Sharing Agreement (MPSA), which is a legally binding contract with the Philippine Government allowing for mineral exploration and development. The remaining Batangas Regional ground is held under either MPSA applications or Exploration Permit (EP) applications, which are in various stages of approval

Mindoro currently has three drill rigs operating in Batangas: one on the Pica porphyry copper-gold system on the Lobo Project; one on the Balibago porphyry copper-gold prospect on the Archangel Project, and a third on the Kay Tanda gold-silver prospect, also on the Archangel Project. .

Pica Porphyry System, Lobo Project

Drilling began in the spring of 2005 on the Pica porphyry prospect, located on the Lobo Project. The porphyry copper-gold system was confirmed with the second drill hole, which intersected 213 meters of 0.18 percent copper, 0.3 grams per tonne (g/t) gold, and 1.19 g/t silver. A fourth hole is currently being drilled; results from holes three and four are expected to be released in the second quarter of 2006.

Kay Tanda Epithermal Prospect, Archangel Project

A few kilometers away, on the Archangel Project, a reverse circulation rig has completed drilling twelve holes to date on the Kay Tanda epithermal gold-silver target. Results of nine holes have been released so far. Highlights include nine meters of 0.54 g/t gold, 17 meters of 1.78 g/t gold and five meters of 2.07 g/t gold from hole three; 10 meters of 9.31 g/t gold, including a bonanza-grade intercept of one meter of 70.97 g/t gold, in hole four; 45 meters of 0.55 g/t gold in hole eight; and 110 meters of 0.44 g/t gold, including 14 meters of 0.90 g/t gold in hole nine. Intense porphyry copper-gold related phyllic alteration was encountered in all holes immediately below the epithermal gold-silver zone. A major drilling program is planned for Kay Tanda over the coming year to establish the economic potential of the near-surface gold-silver zone and a diamond core rig will be moved onto Kay Tanda later this year to further evaluate the porphyry copper-gold target.

Balibago Porphyry Prospect, Archangel Project

A diamond core drill rig has commenced testing the Balibago porphyry copper-gold prospect. Abundant gold and copper-gold showings are present at Balibago, which, along with coincident induced polarization high-chargeability anomalies and porphyry related alteration, indicate a promising porphyry copper-gold target.

Calo Porphyry Prospect, Batangas Region

A geophysical survey is continuing on the Calo porphyry copper-gold prospect where an extremely intense induced polarization chargeability anomaly is being defined, along with porphyry related alteration and copper and gold showings. The chargeability values are suggestive of large concentrations of metal sulphides below the younger cover volcanics and which geological evidence from the area suggests are related to a porphyry copper-gold system. Based on Mindoro's work in the Batangas region, the anomaly may reflect a cluster of porphyry centers along a strong northeast structural trend.

Drilling is planned for the second half of this year, once the chargeability anomaly has been closed off and drill targets selected.

El Paso Porphyry Prospect, Batangas Region

Trenching samples over wide intervals at El Paso contained more than one percent copper and multiple drill targets have been identified. A promising chargeability anomaly has been partially defined on the El Paso Prospect. Drilling is planned for the first half of 2006, subject to receipt of an exploration permit, which is currently in the advanced stages of the approval process with the Philippines Mines Department.

Surigao Projects, Northern Mindanao

Mindoro has earned a 75% interest in the Surigao Projects from a private Philippine company, Minimax Mineral Exploration Corporation. Panoro Minerals Ltd. is currently earning a 40 percent interest from Mindoro in the Surigao Projects by funding two million dollars in exploration expenditures. At production, if all options are exercised, Mindoro would hold a 57.5 percent interest and Panoro would hold the remaining 42.5 percent. The granted tenements consist of an MPSA on Agata and EPs on Tapian San Francisco and Tapian Main. The remaining ground is held under MPSA and EP applications that are undergoing normal processing.

Mindoro's 26,000-hectare land package in the Surigao Gold District of northern Mindanao is believed to be second in size only to Anglo American. Mindoro's Surigao Projects are comprised of the Agata, Tapian San Francisco, Tapian Main, and Mat-I projects. The proposed 2006 Surigao field program includes drilling five porphyry copper-gold prospects and the Agata nickel laterite prospect.

Agata Project

On the Agata Project, drilling of the first hole is underway on the Agata South porphyry target. Mindoro plans to mobilize a reverse circulation drill rig to the Agata North porphyry target, where technical drilling difficulties were previously encountered, to penetrate the very difficult ultra-mafic cap rock, to be followed by diamond drilling into the target below.

BHP Billiton recently completed its drilling program on the Agata nickel laterite prospect, where four drill rigs were carrying out a due diligence evaluation. Results of the evaluation are awaited.

Tapian San Francisco Project

Drilling of the first hole has commenced on Cantikoy, one of several porphyry copper-gold targets on the Tapian San Francisco Project. Widespread porphyry–style alteration and copper showings have been defined and a trench in porphyry-style mineralization at Cantikoy assayed one percent copper and 0.55 grams per tonne gold over 25 meters. At Canaga, 600 meters south-east of Cantikoy, another trench returned 15 meters of one percent copper. The Gold Hill prospect saw extensive historic artisanal gold mining. Drilling is anticipated to start on both prospects later in 2006.

RESULTS OF OPERATIONS

Interest income of $4,505 for the period was similar to interest income of $4,152 for the in 2005. Net loss for the first quarter in the amount of $444,777 was also similar to net loss of $412,672 in 2005. The Company significantly increased its marketing activities during the period as compared to the same period of 2005, resulting in advertising and promotions expenses of $108,097 in 2006 compared to $42,836 in 2005. Conferences and trade show expense increased to $13,047 compared to $5,558 for the same period in 2005 as the Company attended three trade shows in the first quarter of 2006 and only one in the first quarter of 2005. Consulting and professional fees of $68,230 was also higher in the first quarter of 2006 compared to $22,897 in the first quarter of 2005. Included within the 2006 consulting and professional fees is $51,019 in legal fees for legal work in connection with the Company's properties and joint venture in the Philippines. Investor relations consultants fees in the amount of $28,047 in the first three months of 2006 was similar to fees of $27,000 in the same period of 2005. Printing expenses of $6,226 were up slightly in 2006 compared to $1,311 in 2005.

Increased field activity over the past year has resulted in the need to higher additional personnel, resulting in higher salary costs. Salaries and benefits of $101,775 for the first quarter of 2005 was significantly higher than salaries and benefits of just $39,783 in the first quarter of 2005. The 2006 salaries expense is comprised of $50,083 in Canadian salaries, and $51,692 in salaries from the Philippines subsidiary, MRL Gold Phils., Inc. In 2005, Canadian salaries for the period amounted to $28,065 and MRL salaries amounted to $11,718.

There were no stock based compensation salary expenses during the period, as no stock options issued; whereas the same period in 2005 recognized stock based compensation expenses of $165,919, relating to stock options issued during that period. However, stock options previously granted to investor relations consultants which vested during the period in 2006, resulted in other stock based compensation expenses of $20,409. With increased marketing activities during the period, travel expenses of $44,785 in the first three months of 2006 were also higher than travel expenses of $15,217. Depreciation expenses in 2006 of $3,205 were higher than expenses of $1,062 in same period of 2005, as the Company purchased more office and field equipment during the past year, resulting in correspondingly greater depreciation expenses.

SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings Gain (Loss)	Earnings Gain (Loss) Per Share	Total Assets
March 31, 2006	$(444,777)	$(0.008)	$7,240,937
December 2005	(1,396,314)	(0.020)	7,367,554
September 30, 2005	(159,636)	(0.003)	7,506,223
June 30, 2005	(189,333)	(0.004)	6,176,171
March 31, 2005	(346,552)	(0.008)	5,537,076
December 31, 2004	(424,805)	(0.010)	5,294,078
September 30, 2004	(224,101)	(0.007)	3,769,857
June 30, 2004	(85,386)	(0.003)	3,564,252

LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of March 31, 2006, Mindoro's cash position was $795,664, down from $1,419,311 as at December 31, 2005. In the first quarter of 2006 the Company received $111,355 net proceeds from exercised purchase warrants and $53,400 net proceeds from exercised stock options during the quarter.

Accounts receivable increased to $420,892 as of March 31, 2006, up from $277,490 as of December 31, 2005. Included in accounts receivable are cash calls receivable from our joint venture partner, which at the end of the period was $196,265 compared to $164,759 as of December 31, 2005. The cash call receivable is for amounts the Company spent on the Surigao Projects which is then charged to joint venture partner, Panoro Minerals Ltd. Prepaid expenses increased slightly, to $183,763 as of March 31, 2006, up from $168,544 as of December 31, 2005. Property and equipment balance of $82,813 was up from the December 31, 2005 balance of $65,354. Accounts payable and accrued charges of $138,170 as at March 31, 2006, was down from the balance as at December 31, 2005, of $187,915. Deposits of $118,990 were received and held in the first quarter of 2006 in connection with a private placement that closed subsequent to the period, in April 2006.

In the first quarter of 2006, $357,563 was expended on Investing Activities with $336,899 spent on Exploration Activities in the Philippines. The total amount of deferred exploration on existing properties as at March 31, 2006 was $5,806,027. During the period, 344,645 purchase warrants and 255,000 stock options were exercised for proceeds of $111,355 and $53,400, respectively, net of issue costs.

In April of 2006, the Company issued 4,118,950 Units at $0.70 per Unit for gross proceeds of $2,883,265. Finders fees of $ $158,421 was paid pursuant to the issue. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allows the holder to acquire one Common share of the Company at a price of $1.00 until April 6, 2007 and, thereafter, at a price of $1.25 until April 6, 2008. The Company also issued 226,316 Agent's warrants; Agent's warrants are exercisable into Units having the same terms at the Units issued.

CAPITAL RESOURCES

Some of the following commitments are denominated in Philippine Pesos ("PP"). At March 31, 2006, 43.84PP = $1CDN.

Memorandum of Agreement

Pursuant to a Memorandum of Agreement ("MOA") dated January 19, 1997 with Minimax Mineral Exploration Corporation ("Minimax"), the Company was granted the right to earn up to a 75 percent interest in five mineral properties: Agata, Tapian, Pan de Azucar, Mat-I and Lahuy, located in the Philippines. Under the terms of the MOA, the Company may earn interests of 10 percent, 30 percent and 35 percent in each of the properties by completing phases one, two and three, respectively, as follows:

(i) Phase one - incurring an aggregate of 20,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA;

(ii) Phase two - incurring an aggregate of 75,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA; and

(iii) Phase three - incurring an aggregate of 75,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA.

Once a phase expenditure requirement has been met on a property, the Company has the option to enter the next phase of the project by issuing 50,000 and 100,000 Common shares to Minimax for each of phase two and phase three of the property entered into, respectively.

As at December 31, 2005, the Company has met phase three expenditure requirements on the Agata and Tapian properties, phase two expenditure requirements on the Pan de Azucar property, and phase one expenditure requirements on the Mat-I property.

The Company must incur expenditures in relation to each phase within time periods specified in the MOA as summarized below:

(i) Pan de Azucar - The Company is in Phase three of this project and was to have incurred 15,000,000 PP in eligible mining expenditures by January 4, 2004. Although the Company did not meet these requirements, the Company is currently negotiating an extension to this deadline.

(ii) Mat-I - The Company is in Phase two of this project and must incur 15,000,000 PP in eligible mining expenditures to earn an additional 30 percent interest. These expenditures must be made within a two year period from the approval and execution of the Mineral Production Sharing Agreement ("MPSA") on this project. The MPSA on this project was filed in 1997 and has not yet been approved.

(iii) Lahuy - The Company is in Phase one of this project and must incur 5,000,000 PP in eligible mining expenditures. There is currently more than one party claiming title to the mining claims over this property, and as such, the Company has not been able to obtain a MPSA or an exploration permit. The Company is of the opinion they will be able to successfully resolve this dispute.

Pursuant to an agreement dated November 4, 2003, the Company was granted an option to earn an additional 10 percent interest (the Interest Option) in future mining reserves located in the Agata, Tapian and Mat-I properties (the Surigao Properties) from Minimax. The Company may exercise its option on each property by making a payment to Minimax equivalent to 0.5 percent of the gross value of each mining reserve with a minimum of $5,000,000 US per mining reserve. The Interest Option also requires the Company to issue 200,000 Common shares to Minimax as additional consideration for granting the option. The shares, having a fair value of $54,000, were recorded as issuable at December 31, 2003 and were issued during 2004.

Pursuant to an agreement dated October 5, 2005, the Company's subsidiary, MRL Gold Phils Inc., acquired an option to purchase an additional 15 percent direct and indirect participating interest (the Additional Interest Option) from Minimax in future mining reserves located in the Surigao Projects.

Under the Additional Interest Option, after completion of a Bankable Feasibility Study but before commencing mining operations, MRL has the option to purchase an additional 15 percent interest from Minimax in each and any mining reserve located on the Surigao Projects. Payment shall be equivalent to 0.75 percent of the gross value of each mining reserve, to a minimum of US $7.5 million. In addition MRL shall make an initial cash payment of US $75,000, and, thereafter, make further payments of US $75,000 annually for 4 years. Beginning in year five to commencement of production, annual payments of US $125,000 will be made. Subject to regulatory approval, the Company shall issue 75,000 Company Common shares to Minimax. A net smelter royalty of one percent against the additional 15 percent interest in mineral reserves shall also be payable to Minimax. MRL may, at any time, terminate the Additional Interest Option without penalty. Regulatory approval was received in January 2006 and the requisite shares were issued to Minimax in May 2006.

Surigao Option Agreement

Pursuant to the Surigao Option Agreement ("SOA") effective June 21, 2004, Panoro Minerals Ltd. was granted an option to acquire a 40 percent interest in each of the Agata, Tapian and Mat-I properties and any extensions on those properties. In order to earn the interests in the properties, Panoro is to make expenditures totaling $2,000,000 over a four year period as follows (the "Surigao Option Period"):

(i) $350,000 during the first expenditure period;

(ii) $450,000 during the second expenditure period; and

(iii) $600,000 in each of the third and fourth expenditure periods.

Panoro was granted an additional interest option to earn 2.5 percent of the additional 10 percent interest in each of the Agata, Tapian and Mat-I properties by reimbursing the Company 25 percent of the costs incurred by the Company under the Interest Option at the time the option is exercised. As consideration for the granting of the additional interest option, Panoro is obligated to deliver to the Company 50,000 Common shares of the Company. These 50,000 Company shares were netted against the obligation to issue 100,000 Company shares to Minimax upon entering Phase three of the Tapian project. Thus, 50,000 net shares, previously recorded as Common shares issuable, were issued to Minimax during the second quarter. If the phase expenditures on the properties are not met, the properties become excluded from the SOA.

Under the terms of the MOA and the SOA and as confirmed in a Confirmation Agreement between the Company, Minimax and Panoro, the parties established an Area of Mutual Interest surrounding the Agata, Tapian and Mat-I properties. During 2004, the Company entered into two agreements to acquire mineral tenements over properties that are within the Area of Mutual Interest to the Surigao properties. On October 26, 2004, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Agata Agreement") and acquired mineral exploration, development and production rights. On signing this agreement, the Company paid a signing bonus of 500,000 PP to the vendor. The Company has the following additional obligations:

(i) Issue 100,000 Common shares to the vendor upon the approval of the exploration permit;

(ii) Commence payment to the vendor of quarterly royalty advances of 50,000 PP per quarter three months following the approval of the exploration permit;

(iii) Issue 250,000 Common shares to the vendor one year following the approval of the exploration permit, and

(iv) Issue 500,000 Common shares to the vendor upon decision to commence commercial production.

The vendor is entitled to a 1.5 percent Net Smelter Royalty on commercial production from the property. Pursuant to the terms of the Confirmation Agreement, Panoro elected to include this additional property as part of the Agata project. As such, as part of the SOA, Panoro is to reimburse the Company costs of acquiring the property, and will incur all further obligations under the Bautista-Agata Agreement until the Surigao Option Period expires, or the Agata property becomes an excluded property.

On December 8, 2004, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Tapian Agreement") and acquired mineral exploration, development and production rights. On signing the agreement, the Company paid a signing bonus of 1,500,000 Philippine Peso (PP) to the vendor. The Company was also obligated to issue to the vendor 40,000 Common shares of the Company and 40,000 Common shares of Panoro on signing of the agreement. The Company has the following additional obligations under the terms of the Bautista-Tapian Agreement:

(i) Commence payment to the vendor of quarterly royalty advances of 150,000 PP per quarter on June 8, 2005;

(ii) Issue 50,000 Company Common shares and 50,000 Panoro Common shares to the vendor on December 8, 2005;

(iii) Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor at feasibility study stage on the property; and

(iv) Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor upon decision to commence commercial production on the property.

The vendor is entitled to a 1.5 percent Net Smelter Royalty on commercial production from the property. In January 2005, pursuant to the terms of the Confirmation Agreement, Panoro elected to include this additional property as part of the Tapian project. As such, it will now be part of the SOA and Panoro will reimburse the Company for the costs of acquiring the property, assume the obligation to deliver the 40,000 Mindoro Common shares and 40,000 Panoro Common shares, and will incur all further obligations under the Bautista-Tapian Agreement until either the Surigao Option Period expires, or the Tapian property becomes an excluded property.

On October 18, 2005, the Company entered into two Agreements to Explore, Develop and Operate Mineral Property ("the Canaga Agreements") and acquired mineral exploration, development and production rights on the Tibur and Macana tenements near the Company's Tapian San Francisco property. The tenements are in the form of Mineral Production Sharing Agreement ("MPSA") applications. These will be converted to Exploration Permits (EPs) which are simpler and more rapidly granted form of tenements. On signing the Canaga Agreement, the Company paid a signing bonus of 2,000,000 PP to the vendor. The Company has the following additional obligations under the terms of the Canaga Agreements:

(i) Issue 62,500 Company Common shares upon registration of each EP.

(ii) Issue 87,500 Company Common shares on the first anniversary of the registration of each EP.

(iii) Payment to the vendor of quarterly advance royalties in the amount of 88,000 PP and 87,000 PP commencing after registration of the Tibur and Macana EPs, respectively.

On October 25, 2005, Panoro exercised its option to include the Tibur acquisition in the Surigao Option Agreement and earn a 40 percent interest. The vendor will receive 100,000 Panoro Common shares when a feasibility study begins on the Tibur acquisition, and will receive an additional 100,000 Panoro Common shares when a feasibility study begins on the Macana acquisition, although Mindoro has the option to substitute Company Common shares of equivalent value. When production begins, the vendor will receive 500,000 Company Common shares. For the commercial exploitation of the property, the vendor will receive a royalty of one point five percent (1.5 percent) NSR (Net Smelter Returns) for production of gold and other minerals.

Egerton Agreement

Pursuant to a Letter Agreement (the "Agreement") dated October 23, 2000 with Egerton Gold Philippines, Inc. ("Egerton"), the Company was granted the option to earn up to a 75 percent interest in the Lobo and Archangel mineral properties in the Philippines. The Company may earn interests of 51 percent and 24 percent in these mineral properties by completing phases one and two, respectively, as follows:

(i) Phase one - incurring an aggregate of $1,500,000 US in eligible mining expenditures by January 21, 2006; and

(ii) Phase two - completing a feasibility study and obtaining the necessary financing to commence commercial drilling and production on either of these mineral properties.

Pursuant to the Agreement, the Company issued 500,000 Common shares to Egerton upon receipt of the related MPSAs on the properties during 2003. The Company met its phase one expenditure requirements in 2005 and has exercised its option to enter into phase two; 500,000 Common shares were issued to Egerton on November 7, 2005. Upon completion of phase two, the Company must issue an additional 500,000 Common shares to Egerton. At that point, Egerton will have the option to participate at 25 percent interest at production, or convert to a 2 percent gross smelter royalty. Pursuant to the terms of each MPSA, the Company is required to spend certain minimum amounts on eligible expenditures to maintain the MPSA in good standing. These minimum requirements have been met as at December 31, 2005.

During 2004, the Company entered into an Addendum to Agreement, whereby the area covered by the Agreement was extended to include certain mineral tenements surrounding the Lobo and Archangel properties (the "Batangas properties"). Egerton has acquired and made applications to acquire the Batangas properties. For each mineral deposit located within the Batangas properties for which a positive feasibility study is achieved and necessary financing to commence commercial drilling and production is obtained, the Company must issue 500,000 Common shares to Egerton, to a maximum of 1,500,000 Common shares or three mineral deposits on the Batangas properties.

TRANSACTIONS WITH RELATED PARTIES

(a) Accounts receivable and advances as at March 31, 2006 includes $23,928 due from an officer and director of the Company.

(b) Consulting and professional fees expense for the period includes $6,593 paid to a director of the Company. Investor relations expense includes $15,000 paid to Ascenta Capital for investor relations services and advertising and promotions expense includes $9,870 also paid to Ascenta; a director of the Company is a principal of Ascenta.

(c) Mineral properties and deferred costs for the period include $510 paid to a director of the Company for consulting work on the properties.

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

CAPITAL STRUCTURE

Authorized:
Unlimited number of Common shares
Unlimited number of Preferred shares

Issued - Common shares	**Number**
Balance, December 31, 2005	53,571,892
Issued on exercise of purchase warrants (a)	344,645
Issued pursuant to private placement	-
Issued upon exercise of stock options (b)	255,000
Common Shares issueable for properties (c)	75,000
Balance, March 31, 2006	**54,246,537**
Common share purchase warrants	
Balance, December 31, 2005	7,508,861
Issued on exercise of agent's warrants	57,340
Issued pursuant to private placement	-
Warrants exercised	(344,645)
Warrants expired	-
Balance, March 31, 2006	**7,221,556**
Stock options	
Balance, December 31, 2004	**4,825,000**
Issued	-
Exercised	(255,000)
Forfeited	-
Expired	-
Balance, March 31, 2006	**4,570,000**

(a) Purchase warrants were exercised for net proceeds of $111,355.

(b) Stock options were exercised for net proceeds of $53,400.

(c) The Company recorded an obligation to issue these shares in January 2006, pursuant to the October 5, 2005, Additional Interest Option Agreement with Minimax. These shares were subsequently issued in the second quarter of 2006, but no further entry is necessary.

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at March 31, 2006:

Number of Warrants	Exercise Price		Expiry Date
333,378	$	0.30	4-Aug-06
4,895,075	$	0.30	15-Oct-06
964,978	$	0.30	22-Nov-06
1,028,125	$	0.50	12-Oct-06
7,221,556			

The following table summarizes the information about stock options outstanding at March 31, 2006:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
$0.10 to $0.14	625,000	1.07	$0.13
$0.15 to $0.23	695,000	2.49	$0.18
$0.24 to $0.36	1,775,000	5.20	$0.31
$0.37 to $0.56	150,000	4.52	$0.48
$0.81 to $1.00	1,325,000	4.37	$0.96
Total	**4,570,000**	3.96	**$0.46**

In April of 2006, the Company issued 4,118,950 Units at $0.70 per Unit for gross proceeds of $2,883,265. Finders fees of $ $158,421 was paid pursuant to the issue. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allows the holder to acquire one Common share of the Company at a price of $1.00 until April 6, 2007 and, thereafter, at a price of $1.25 until April 6, 2008. The Company also issued 226,316 Agent's warrants; Agent's warrants are exercisable into Units having the same terms at the Units issued.

Subsequent to the end of the period, 30,611 purchase warrants and agents warrants were exercised for gross proceeds of $9,983 and 1,000 purchase warrants were issued pursuant to the exercise of the agents warrants.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this report are forward-looking statements, such as estimates that describe the Company's future plans, objectives or goals. This includes words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events or conditions, by their very nature they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Additional information relevant to the Company's activities is available on SEDAR at www.sedar.com and the Company's website at www.mindoro.com.

Consolidated Balance Sheets

MINDORO RESOURCES LTD

	March 31, 2006	December 31, 2005
ASSETS		
CURRENT		
Cash	**$ 795,664**	$ 1,419,311
Accounts receivable (note 5)	**$ 341,192**	$ 277,490
Prepaid expenses	**$ 183,763**	$ 168,544
	$ 1,320,620	$ 1,865,345
MINERAL PROPERITIES AND EXPLORATION COSTS (Note 3)	**$ 5,837,505**	$ 5,436,855
PROPERTY AND EQUIPMENT (Note 4)	**$ 82,813**	$ 65,354
	$ 7,240,937	$ 7,367,554
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 138,170**	$ 187,915
Deposits held for private placement	**$ 118,990**	$ -
	$ 257,160	$ 187,915
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	**$ 14,892,948**	$ 14,616,181
Contributed Surplus (Note 7)	**$ 2,082,862**	$ 2,110,714
Retained earnings	**$ (9,992,033)**	$ (9,547,256)
	$ 6,983,778	$ 7,179,639
	$ 7,240,937	$ 7,367,554

Consolidated Statements of Loss and Deficit

MINDORO RESOURCES LTD

		Three Months Ended March 31, 2006		2005 (Restated)
REVENUE				
Interest	$	**4,505**	$	4,152
EXPENSES				
Administration and Training		**5,250**		1,814
Advertising and promotion		**108,097**		42,836
Communications		**5,050**		5,204
Conferences and trade shows		**13,047**		5,558
Consulting and professional fees		**68,230**		22,897
Investor relations consultants		**28,047**		27,000
Listing fees and shareholder communications		**9,686**		4,753
Office, postage and sundry		**12,234**		11,620
Printing		**6,226**		1,311
Rent		**7,362**		4,775
Salaries and benefits		**101,775**		39,783
Stock-based compensation - Salaries		**-**		165,919
Stock-based compensation - Others		**20,409**		-
Travel		**44,785**		15,217
Depreciation and amortization		**3,205**		1,062
Foreign exchange loss (gain)		**15,877**		67,074
		449,282		416,824
Net Loss		**(444,777)**		**(412,672)**
Basic loss per share	$	**(0.008)**	$	(0.009)
Weighted average shares outstanding		**53,900,149**		44,338,601
Deficit, beginning of period, as previously reported		**(9,547,256)**		(7,049,455)
Accounting Change [(Note 2 (j)]		**-**		(405,967)
Deficit beginning of period, as restated	$	**(9,547,256)**	$	(7,455,422)
Deficit, end of period	$	**(9,992,033)**	$	(7,868,094)

Consolidated Statement of Cash Flows

MINDORO
RESOURCES LTD

		Three Months Ending March 31,		
		2006		2005
				(Restated)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net loss	**$**	**(444,777)**	$	(412,672)
Items not affecting cash				
Stock-based compensation - Salaries		**-**		165,919
Stock-based Compensation - Others		**20,409**		-
Depreciation and amortization		**3,205**		1,062
Unrealized Foreign Exchange Loss		**-**		-
Changes in non-cash working capital		**(128,666)**		(266,013)
		(549,829)		(511,704)
INVESTING				
Expenditures on mineral properties and exploration costs		**(336,899)**		(133,867)
Acquisition of property and equipment		**(20,664)**		(6,845)
		(357,563)		(140,712)
FINANCING				
Deposits held for private placement		**118,990**		-
Issue of share capital, net of issuance costs		**164,755**		179,859
		283,745		179,859
INCREASE IN CASH		**(623,647)**		(472,557)
CASH BEGINNING OF PERIOD\		**1,419,311**		1,295,541
CASH END OF PRIOD	**$**	**795,664**	$	822,984

1. NATURE OF OPERATIONS AND GOING CONCERN

Mindoro Resources Ltd.'s (the "Company" or "Mindoro") principal activity is the acquisition, exploration and development of mineral properties in the Philippines and Laos. To date, no mineral development projects have been completed and commercial production has not commenced.

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.

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 Resources Ltd. (the “Company) include the accounts of the Company and its wholly-owned subsidiary, MRL Gold Phil’s. Inc. and have been prepared in accordance with Canadian generally accepted accounting principles

(B) DEFERRED EXPLORATION COSTS

Mineral property costs are comprised of initial property acquisition costs and related property option payments. 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.

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 deficit.

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.

(C) 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 using the declining method at rates of 20% and 30% per annum.

(D) ASSET RETIREMENT OBLIGATIONS

Effective January 1, 2004, the Company retroactively adopted the recommendations of the CICA Handbook Section 3110 "Asset Retirement Obligations". Under the new accounting policy, the Company recognizes asset retirement obligations in the period in which they are incurred if a reasonable estimate of fair value can be determined. The liability is measured at fair value and is adjusted to its present value in the periods to settlement as accretion expense. The associated asset retirement costs are capitalized as part of mineral properties and deferred costs.

The Company has not yet incurred any significant asset retirement obligations and, as such, this change in accounting policy did not affect the consolidated financial statements.

(E) STOCK-BASED COMPENSATION

The company has a stock option plan as described in note 6.

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

(F) 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 the settlement or recovery of assets and liabilities at their carrying values. 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 tax laws and rates that are anticipated to apply in the period of realization.

(G) PER SHARE AMOUNTS

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

(H) MEASUREMENT UNCERTAINTY

The valuation of mineral properties and deferred costs are based on management's best estimate of the future recoverability of these assets. The amounts computed with respect to stock-based compensation are based on estimates of the expected lives of the options and warrants, expected dividends, and other relevant assumptions.

By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

(I) 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 year. Exchange gains or losses on translation of current and non-current monetary items are included in the determination of net loss.

(J) ACCOUNTING CHANGES

In prior years, the Company capitalized all costs and expenses, including general and administrative costs of its Philippine subsidiary, in the "Deferred Exploration Costs" account.

In 2005, the Company changed its accounting for general and administrative costs from previously being capitalized to treating them as outright expenses in the statement of expenses. General overhead and administrative costs shall comprise expenses in Manila main office which are not directly attributable to the exploration projects. The change in accounting policy was accounted for retroactively with a restatement of 2004 balances and adjustment to the balance of deficit as of January 1, 2004 by the following amounts:

	Previously stated	Effect of change in accounting policy	Restated amount
Receivables	144,753	(26,176)	118,577
Property and Equipment	13,726	26,265	39,991
Deferred Exploration Costs	4,430,487	(402,951)	3,827,536
Accounts Payable and Accrued Liabilities	232,469	3,105	235,574
Deficit, ending	(7,049,455)	(405,967)	(7,455,422)
Costs and Expenses	(758,337)	(77,383)	(835,720)
Foreign Exchange	(47,255)	(275,082)	(322,336)

3. MINERAL PROPERTIES AND EXPLORATION COSTS

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

Incidental revenue derived from management fees from third parties are treated as cost recoveries and recorded first as a reduction of the specific deferred exploration costs to which the fees relate, and any excess as a reduction to expenses in the statement of expenses. As of March 31, 2006, the total amount of cost recoveries have been deducted from the deferred exploration costs.

Project	Balance December 31, 2004	Expenditures	Balance December 31, 2005	Expenditures	Management Fee Recoveries	Balance March 31, 2006
Agata	$ 969,284	$ 102,299	$ 1,071,583	$ 21,558	$ (19,380)	**$ 1,073,760**
Tapian	648,548	(13,558)	634,990.06	36,905	(8,860)	**663,035**
Mat-I	42,017	2,302	44,318.90	21,250	-	**65,569**
Pan de Azucar	609,669	(7,882)	601,787.28	163	-	**601,950**
Batangas	7,382	134,357	141,739.10	87,143	-	**228,882**
Lobo	1,123,359	879,912	2,003,271.11	155,933	-	**2,159,204**
Archangel	270,764	613,326	884,089.96	104,780	-	**988,870**
Laos	24,757	-	24,757.45	-	-	**24,757**
	3,799,140	1,607,396	5,406,537	427,731	(28,240)	**5,806,027**
Royalty Deposits	28,396	1,922	30,318	1,161	-	**31,478**
	$ 3,827,536	$ 1,609,318	$ 5,436,855	$ 428,892	$ (28,240)	**$ 5,837,505**

Minimax Agreement: Agata, Lahuy Mat-I, Pan de Azucar, and Tapian Projects

The following summarizes the significant contracts entered into by the Company in connection with the various exploration projects:

On January 19, 1997, Mindoro Resources Ltd. entered into a Memorandum of Agreement (MOA) with Minimax Mineral Exploration Corporation, a corporation organized under the laws of the Republic of the Philippines, whereby the latter grants to Mindoro Resources Ltd. the exclusive and irrevocable right to earn options up to 75% interest in five mineral properties: Agata, Tapian, Pan de Azucar, Mat-I, and Lahuy.

MRL Gold Phils., Inc. was organized by virtue of the agreement between Minimax Mineral Exploration Corporation and Mindoro Resources Ltd. to form an affiliated corporation under the laws of the Republic of the Philippines and whereby Mindoro Resources Ltd. shall assign all its rights, title, and interests under said agreement.

On June 27, 1997, a deed of assignment was executed by Mindoro Resources Ltd. in favor of MRL Gold Phils., Inc. and the same was acknowledged by Minimax Mineral Exploration Corporation in a separate agreement with MRL Gold Phils., Inc.

Under the terms of the MOA, the Company may earn interests of 10%, 30% and 35% in each of the properties by completing phases one, two and three, respectively as follows:

i. Phase one – incurring an aggregate amount of P20 million in eligible mining expenditures allocated to the properties as defined in the MOA;
ii. Phase two – incurring an additional aggregate amount of P75 million in eligible mining expenditures allocated to the properties as defined in the MOA; and
iii. Phase three – incurring an additional aggregate amount of P75 million in eligible mining expenditures allocated to the properties as defined in the MOA;

As of December 31, 2005, the Company has met phase one expenditure requirements on all properties under this agreement; phase two expenditure requirements on Agata, Tapian and Pan de Azucar properties; and phase three expenditure requirements on Agata and Tapian properties.

The Company must incur expenditures in relation to each phase within time periods specified in the MOA as summarized below:

i. Pan de Azucar - The Company is in Phase three of this project and was to have incurred 15,000,000 PP in eligible mining expenditures by January 4, 2004. Although the Company did not meet these requirements, the Company is currently negotiating an extension to this deadline.
ii. Mat-I - The Company is in Phase two of this project and must incur 15,000,000 PP in eligible mining expenditures to earn an additional 30 percent interest. These expenditures must be made within a two year period from the approval and execution of the Mineral Production Sharing Agreement ("MPSA") on this project. The MPSA on this project was filed in 1997 and has not yet been approved.
iii. Lahuy - The Company is in Phase one of this project and must incur 5,000,000 PP in eligible mining expenditures. There is currently more than one party claiming title to the mining claims over this property, and as such, the Company has not been able to obtain a MPSA or an exploration permit. The Company is of the opinion they will be able to successfully resolve this dispute. In keeping with Canadian GAAP to write-down projects dormant for three years on longer, however, $102,136 in Lahuy assets were written off in 2005.

Pursuant to an agreement dated November 4, 2003, the Company was granted an option to earn an additional 10 percent interest (the Interest Option) in future mining reserves located in the Agata, Tapian and Mat-I properties (the Surigao Properties) from Minimax. The Company may exercise its option on each property by making a payment to Minimax equivalent to 0.5 percent of the gross value of each mining reserve with a minimum of $5,000,000 US per mining reserve. The Interest Option also requires the Company to issue 200,000 Common shares to Minimax as additional consideration for granting the option. The shares, having a fair value of $54,000, were recorded as issuable at December 31, 2003 and were issued during 2004.

Pursuant to an agreement dated October 5, 2005, the Company's subsidiary, MRL Gold Phil's Inc., acquired an option to purchase an additional 15 percent direct and indirect participating interest (the Additional Interest Option) from Minimax in future mining reserves located in the Surigao Projects. Under the Additional Interest Option, after completion of a Bankable Feasibility Study but before commencing mining operations, MRL has the option to purchase an additional 15 percent interest from Minimax in each and any mining reserve located on the Surigao Projects. Payment shall be equivalent to 0.75 percent of the gross value of each mining reserve, to a minimum of US $7.5 million. In addition MRL shall make initial cash payment of US $75,000, and, thereafter, make further payments of US $75,000 annually for 4 years. Beginning in year five to commencement of production, annual payments of US $125,000 will be made. Subject to regulatory approval, the Company shall issue 75,000 Company Common shares to Minimax. A net smelter royalty of one percent against the additional 15 percent interest in mineral reserves shall also be payable to Minimax. MRL may, at any time, terminate the Additional Interest Option without penalty. The requisite shares were issued to Minimax pursuant to receiving regulatory approval in January 2006.

Surigao Option Agreement: Agata, Mat-I, and Tapian Projects

Pursuant to the Surigao Option Agreement ("SOA") effective June 21, 2004, Panoro Minerals Ltd. was granted an option to acquire a 40 percent interest in each of the Agata, Tapian and Mat-I properties and any extensions on those properties. In order to earn the interests in the properties, Panoro is to make expenditures totaling $2,000,000 over a four year period as follows (the "Surigao Option Period"):

i. $350,000 during the first expenditure period;

ii. $450,000 second expenditure period; and

iii. $600,000 in each of the third and fourth expenditure periods.

Panoro was granted an additional interest option to earn 2.5 percent of the additional 10 percent interest in each of the Agata, Tapian and Mat-I properties by reimbursing the Company 25 percent of the costs incurred by the Company under the Interest Option at the time the option is exercised. As consideration for the granting of the additional interest option, Panoro is obligated to deliver to the Company 50,000 Common shares of the Company. These 50,000 Company shares were netted against the obligation to issue 100,000 Company shares to Minimax upon entering Phase three of the Tapian project. Thus, 50,000 net shares, previously recorded as Common shares issuable, were issued to Minimax during the second quarter. If the phase expenditures on the properties are not met, the properties become excluded from the SOA.

Under the terms of the MOA and the SOA and as confirmed in a Confirmation Agreement between the Company, Minimax and Panoro, the parties established an Area of Mutual Interest surrounding the Agata, Tapian and Mat-I properties. During 2004, the Company entered into two agreements to acquire mineral tenements over properties that are within the Area of Mutual Interest to the Surigao properties. On October 26, 2004, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Agata Agreement") and acquired mineral exploration, development and production rights. On signing this agreement, the Company paid a signing bonus of 500,000 PP to the vendor. The Company has the following additional obligations:

i. Issue 100,000 Common shares to the vendor upon the approval of the exploration permit;

ii. Commence payment to the vendor of quarterly royalty advances of 50,000 PP per quarter three months following the approval of the exploration permit;

iii. Issue 250,000 Common shares to the vendor one year following the approval of the exploration permit, and

iv. Issue 500,000 Common shares to the vendor upon decision to commence commercial production.

The vendor is entitled to a 1.5 percent Net Smelter Royalty on commercial production from the property. Pursuant to the terms of the Confirmation Agreement, Panoro elected to include this additional property as part of the Agata project. As such, as part of the SOA, Panoro is to reimburse the Company costs of acquiring the property, and will incur all further obligations under the Bautista-Agata Agreement until the Surigao Option Period expires, or the Agata property becomes an excluded property.

On December 8, 2004, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Tapian Agreement") and acquired mineral exploration, development and production rights. On signing the agreement, the Company paid a signing bonus of 1,500,000 Philippine Peso (PP) to the vendor. The Company was also obligated to issue to the vendor 40,000 Common shares of the Company and 40,000 Common shares of Panoro on signing of the agreement. The Company has the following additional obligations under the terms of the Bautista-Tapian Agreement:

i. Commence payment to the vendor of quarterly royalty advances of 150,000 PP per quarter on June 8, 2005;

ii. Issue 50,000 Company Common shares and 50,000 Panoro Common shares to the vendor on December 8, 2005;

iii. Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor at feasibility study stage on the property; and

iv. Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor upon decision to commence commercial production on the property.

The vendor is entitled to a 1.5 percent Net Smelter Royalty on commercial production from the property. In January 2005, pursuant to the terms of the Confirmation Agreement, Panoro elected to include this additional property as part of the Tapian project. As such, it will now be part of the SOA and Panoro will reimburse the Company for the costs of acquiring the property, assume the obligation to deliver the 40,000 Mindoro Common shares and 40,000 Panoro Common shares, and will incur all further obligations under the Bautista-Tapian Agreement until either the Surigao Option Period expires, or the Tapian property becomes an excluded property.

On October 18, 2005, the Company entered into two Agreements to Explore, Develop and Operate Mineral Property ("the Canaga Agreements") and acquired mineral exploration, development and production rights on the Tibur and Macana tenements near the Company's Tapian San Francisco property. The tenements are in the form of Mineral Production Sharing Agreement ("MPSA") applications. These will be converted to Exploration Permits (EPs) which are simpler and more rapidly granted form of tenements. On signing the Canaga Agreement, the Company paid a signing bonus of 2,000,000 PP to the vendor. The Company has the following additional obligations under the terms of the Canaga Agreements:

i. Issue 62,500 Company Common shares upon registration of each EP.

ii. Issue 87,500 Company Common shares on the first anniversary of the registration of each EP.

iii. Payment to the vendor of quarterly advance royalties in the amount of 88,000 PP and 87,000 PP commencing after registration of the Tibur and Macana EPs, respectively.

On October 25, 2005, Panoro exercised its option to include the Tibur acquisition in the Surigao Option Agreement and earn a 40 percent interest. The vendor will receive 100,000 Panoro Common shares when a feasibility study begins on the Tibur acquisition, and will receive an additional 100,000 Panoro Common shares when a feasibility study begins on the Macana acquisition, although Mindoro has the option to substitute Company Common shares of equivalent value. When production begins, the vendor will receive 500,000 Company Common shares. For the commercial exploitation of the property, the vendor will receive a royalty of one point five percent (1.5 percent) NSR (Net Smelter Returns) for production of gold and other minerals.

Egerton Agreement: Archangel, Lobo and Batangas Regional Projects

Pursuant to a Letter Agreement (the "Agreement") dated October 23, 2000 with Egerton Gold Philippines, Inc. ("Egerton"), the Company was granted the option to earn up to a 75 percent interest in the Lobo and Archangel mineral properties in the Philippines. The Company may earn interests of 51 percent and 24 percent in these mineral properties by completing phases one and two, respectively, as follows:

i. Phase one - incurring an aggregate of $1,500,000 US in eligible mining expenditures by January 21, 2006; and

ii. Phase two - completing a feasibility study and obtaining the necessary financing to commence commercial drilling and production on either of these mineral properties.

Pursuant to the Agreement, the Company issued 500,000 Common shares to Egerton upon receipt of the related MPSAs on the properties during 2003. The Company met its phase one expenditure requirements in 2005 and has exercised its option to enter into phase two; 500,000 Common shares were issued to Egerton on November 7, 2005. Upon completion of phase two, the Company must issue an additional 500,000 Common shares to Egerton. At that point, Egerton will have the option to participate at 25 percent interest at production, or convert to a 2 percent gross smelter royalty. Pursuant to the terms of each MPSA, the Company is required to spend certain minimum amounts on eligible expenditures to maintain the MPSA in good standing. These minimum requirements have been met as at December 31, 2005.

During 2004, the Company entered into an Addendum to Agreement, whereby the area covered by the Agreement was extended to include certain mineral tenements surrounding the Lobo and Archangel properties (the "Batangas properties"). Egerton has acquired and made applications to acquire the Batangas properties. For each mineral deposit located within the Batangas properties for which a positive feasibility study is achieved and necessary financing to commence commercial drilling and production is obtained, the Company must issue 500,000 Common shares to Egerton, to a maximum of 1,500,000 Common shares or three mineral deposits on the Batangas properties.

4. PROPERTY AND EQUIPMENT

Property and equipment are amortized using the declining balance method at an annual rate of 20% to 30% per annum.

	March 31, 2006			December 31, 2005		
	Cost	Accumulated Depreciation	**Net Book Value**	Cost	Accumulated Depreciation	Net Book Value
Computer Hardware	$ 58,834	$ 48,233	**$ 10,601**	$ 56,965	$ 47,448	$ 9,516
Computer Software	$ 49,448	$ 41,814	**$ 7,634**	$ 49,203	$ 41,170	$ 8,033
Office furniture and Equipment	$ 104,433	$ 39,855	**$ 64,578**	$ 74,840	$ 27,036	$ 47,804
Leasehold improvements	$ 16,518	$ 16,518	**$ -**	$ 16,518	$ 16,518	$ -
	$ 229,232	$ 146,419	**$ 82,813**	$ 197,526	$ 132,172	$ 65,354

5. ACCOUNTS RECEIVABLE

Funds due from the Company's joint venture partner are entered into the accounts receivable account. At March 31, 2006, the amount was $196,265.

6. SHARE CAPITAL

Authorized
Unlimited number of common shares
Unlimited number of preferred shares

	March 31, 2006		December 31, 2005	
Issued	**Number**	**Amount**	Number	Amount
Common shares				
Balance, beginning of period	53,571,892	$ 14,616,181	44,201,867	$ 11,627,155
Obligation to issue shares cancelled (a)	-	-	(40,000)	(10,800)
Issued upon exercise of warrants (b)	344,645	124,982	6,167,525	2,044,220
Issued pursuant to private placement (c)	-	-	2,117,500	656,367
Issued upon exercise of stock options (d)	255,000	88,036	625,000	129,239
Issued for mining properties (e)	-	-	500,000	170,000
Common Shares issuable (f)	75,000	63,750	-	-
Balance, end of period	**54,246,537**	**$ 14,892,948**	53,571,892	$ 14,616,181

	March 31, 2006	December 31, 2005
Common share purchase warrants	**Number**	Number
Balance, beginning of period	7,508,861	13,068,361
Issued pursuant to private placement (c)	-	1,058,750
Issued pursuant to exercise of agents warrants (g)	57,340	856,548
Exercised (b)	(344,645)	(6,167,525)
Expired (h)	-	(1,307,273)
Balance, end of period	**7,221,556**	7,508,861

(a) Pursuant to an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Tapian Agreement") the Company was obligated to issue to the property vendor 40,000 Common shares of the

Company and 40,000 Common shares of Panoro. The 40,000 Company shares were recorded as issuable at December 31, 2004, at fair value on the date of signing of $10,800. The fair value of the Panoro Common shares on the date of signing of $6,800 was included in accounts payable and accrued liabilities at December 31, 2004.

In January 2005, Panoro exercised its option to include the property acquired by the Company under the Bautista Tapian Agreement within the Surigao Option Agreement. Pursuant to exercising this option, Panoro assumed the obligation to issue 40,000 Common shares of the Company and 40,000 Common shares of Panoro. The fair value of these shares as recorded at December 31, 2004 was reversed in January and March 2005.

(b) Purchase warrants were exercised for net proceeds of $111,355. Stock-based compensation costs totaling $13,627, recorded as an increase to contributed surplus on issuance of the purchase warrants, were reclassified to share capital upon the exercise of these warrants.

(c) In 2005, pursuant to a private placement, the Company issued 2,117,500 Units at $0.32 per Unit for gross proceeds of $677,600 less finders' fees of $16,716 and additional costs of the issue amounting to $4,617. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant entitles the holder to acquire one Common share at $0.50 until the expiry date of October 13, 2006.A total of 4,118,950 purchase warrants and 226,316 agent's warrants are exercisable pursuant to this Private Placement. No securities were issued pursuant to private placements during the first quarter of 2006.

(d) The Company issued 255,000 Common shares pursuant to the exercise of stock options for net proceeds of $53,400. Stock-based compensation costs totaling $34,635.71, recorded as an increase to contributed surplus on issuance of the stock options, were reclassified to share capital upon the exercise of these options.

(e) These shares were issued to Egerton Gold Philippines Inc. on November 7, 2005 pursuant to the Company exercising its option to proceed to phase two on its Lobo and Archangel properties.

(f) In connection with the Company's October 5, 2005 agreement with Minimax (note 3) and pursuant to receiving received regulatory approval in January 2006, the Company recorded an obligation to issue these shares to Minimax. The shares were issued in the second quarter of 2006.

(g) These warrants were issued pursuant to the exercise of 57,340 Agent's warrants.

(h) Three issues of warrants expired during 2005: 250,000 warrants with an exercise price of $0.60 expired in January; 500,000 warrants with an exercise price of $0.50 expired in March, and 557,273 warrants with an exercise price of $1.00 expired in August. No warrants expired during the first quarter of 2006.

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at March 31, 2006:

March 31, 2006				December 31. 2005		
Number of Warrants	**Exercise Price**	**Expiry Date**		Number of Warrants	Exercise Price	Expiry Date
333,378.00	**$ 0.30**	August 2006		25,000.00	$ 0.60	January 2006
4,895,075	**$ 0.30**	October 2006		333,378	$ 0.30	August 2006
964,978	**$ 0.30**	November 2006		5,062,193	$ 0.30	October 2006
1,028,125	**$ 0.50**	August 2006		57,340	$ 0.30	October 2006
				972,200	$ 0.30	November 2006
				1,058,750	$ 0.50	October 2006
7,221,556				7,508,861		

The company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock optins. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan may not exceed 10% 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. Options granted may not exceed ten years and vest immediately. 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 following table summarizes the status of the Company's stock option plan:

	2006		2005	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	4,825,000	$0.45	2,830,000	$0.14
Issued	-		2,690,000	$0.64
Exercised	(255,000)	$0.21	(625,000)	$0.21
Forfeited	-		(70,000)	$0.30
Outstanding at end of period	**4,570,000**	**$0.46**	4,825,000	$0.45
Options exercisable at end of period	**4,470,000**	**$0.45**	4,675,000	$0.44

The following table summarizes share options outstanding:

Range of Exercise Prices	**Number Outstanding**	**Weighted Average Contractual Life (Years)**	**Weighted Average Exercise Price**
$0.10 to $0.14	625,000	1.07	$0.13
$0.15 to $0.23	695,000	2.49	$0.18
$0.24 to $0.36	1,775,000	5.2	$0.31
$0.37 to $0.56	150,000	4.52	$0.48
$ 0.81 to 1.00	1,325,000	4.37	$0.96
Total	**4,570,000**	3.96	**$0.46**

7. CONTRIBUTED SURPLUS

Balance, beginning of period	$	2,110,714
Stock based compensation	$	(14,226)
Agent's warrants exercised	$	(7,454)
Purchase warrants exercised	$	(6,172)
Balance, March 31, 2006	**$**	**2,082,862**

8. RELATED PARTY TRANSACTIONS

(a) Accounts receivable and advances as at March 31, 2006 includes $23,928 due from an officer and director of the Company.

(b) Consulting and professional fees expense for the period includes $6,593 paid to a director of the Company. Investor relations expense includes $15,000 paid to Ascenta Capital for investor relations services and advertising and promotions expense includes $9,870 also paid to Ascenta; a director of the Company is a principal of Ascenta.

(c) Mineral properties and deferred costs for the period include $510 paid to a director of the Company for consulting work on the properties.

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

9. FINANCIAL INSTRUMENTS

(a) Fair values: The fair values of all financial instruments approximate their carrying values due to their short-term nature.

(b) Currency risk: The Company is exposed to currency price risk to the extent of its foreign operations conducted in the Philippines. The Company does not hedge its exposure to fluctuations in the related foreign exchange rate.

10. SUBSEQUENT EVENTS

Subsequent to the period, 30,611 purchase warrants and agents warrants were exercised for proceeds of $9,983 and 1,000 purchase warrants were issued pursuant to the exercise of the agents warrants.

Pursuant to an agreement dated October 5, 2005, the Company's subsidiary, MRL Gold Phils Inc., acquired an option to purchase an additional 15 percent direct and indirect participating interest (the Additional Interest Option) from Minimax in future mining reserves located in the Surigao Projects. Subject to regulatory approval, the Company is required to issue 75,000 shares to Minimax. The requisite shares were issued to Minimax in May 2006, after receiving regulatory approval in January 2006.

In April of 2006, the Company issued 4,118,950 Units at $0.70 per Unit for gross proceeds of $2,883,265. Finders fees of $158,421 were paid pursuant to the issue. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allows the holder to acquire one Common share of the Company at a price of $1.00 until April 6, 2007 and, thereafter, at a price of $1.25 until April 6, 2008. The Company also issued 226,316 Agent's warrants; Agent's warrants are exercisable into Units having the same terms at the Units issued.

In May of 2006, Mindoro entered into a Joint Venture Agreement with Minimax and Medusa Mining Limited of Australia on the Apical Gold Project in Mindanao, Philippines. Medusa may earn a 70 percent interest in Apical by taking the project either to production, in the case of lode deposits, or to feasibility, in the case of bulk-tonnage, porphyry copper-gold deposits at which time Mindoro and Minimax would each hold 15 percent interest. Mindoro and Minimax are fully carried until Medusa has reached its earn-in. The Apical Project is currently held under a Mineral Production Sharing Agreement application (APSA). Medusa has the right to earn a 70% interest in the Apical Project by:

i. In the case of lode deposits, commencing development and by producing the first 500 tonnes of ore, after which Mindoro and its Philippine partner have the option to contribute to ongoing expenditures, each retaining a 15% participating interest, or to reduce to a 3% Net Smelter Royalty ("NSR"), each retaining a 1.5% NSR;

ii. In the case of large, bulk tonnage deposits such as porphyry copper-gold deposits or disseminated or stockwork gold deposits, completing a Bankable Feasibility Study, after which Mindoro and its partner have the right to contribute to ongoing expenditures or dilute to a 3% NSR.

Medusa is required to spend US$300,000 within 3 years of grant of the APSA and spend a minimum of US$150,000 per year subsequently. Mindoro has the right to a 15 percent interest in the Apical Project upon Medusa meeting its earn-in requirements and does not hold any interest in the Apical Project prior to that time.