



MINDORO
RESOURCES LTD

Consolidated Interim Financial Statements

(Unaudited)

Three Months Ended March 31, 2008

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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*



Management's Discussion and Analysis

Three Months Ended March 31, 2008

1. GENERAL

This discussion and analysis of financial position and results of operation is prepared as at May 27, 2008, and should be read in conjunction with the unaudited consolidated financial statements for the three months ended March 31, 2008 and March 31, 2007 and the December 31, 2007 audited 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. 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 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 disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised as a result of new information, future events or otherwise.

3. 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 mineral properties and 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, the cumulative expenses incurred on the property are written off against income in the period the decision is made.

4. OVERVIEW OF EXPLORATION ACTIVITIES

The Company's main assets are located in the Surigao & Batangas Districts of the Philippines. Mindoro's field programs are carried out under the supervision of Tony Climie, P.Geol, who is a qualified person as defined by National Instrument 43-101.

SURIGAO PROJECTS, NORTHERN MINDANAO

The Company has a 75 percent interest in the Agata, Tapan San Francisco and Tapan Main projects, and a 10 percent interest in the Mat-I project, collectively referred to as the Surigao Projects and located in the Surigao Gold District of northern Mindanao, Philippines. The granted tenements consist of a Mineral Production Sharing Agreement (MPSA) on Agata and Exploration Permits (EPs) on Tapan San Francisco and Tapan Main. The remaining ground is held under MPSA and EP applications that are undergoing normal processing. Mindoro has defined multiple porphyry copper-gold and epithermal gold prospects on the Surigao Projects; however, work in the first quarter has continued to focus on advancing two nickel laterite prospects at Agata. As of March 31, 2008, the Company had \$5,983,992 in exploration expenditures recorded to the Surigao Projects, including expenditures of \$397,740 in the first quarter of 2008.

Nickel Laterite Markets

Nickel demand from China over the past two years resulted in an unprecedented demand for direct shipping ore (DSO) production from nickel laterite deposits, used in the production of nickel pig iron, a low-grade ferro-nickel product, which has become a key nickel supply source for the Chinese stainless steel sector. Small steel and ferro-alloy makers in China switched to producing nickel pig iron during record high nickel prices in 2007. An oversupply of DSO nickel laterite

material in the first half of 2007 flooded the Chinese markets and demand dropped dramatically in the second half of the year.

Continued weak demand and prices for Philippine nickel laterite DSO is likely related to large ore inventories carried over from 2007 as well as a reported shutdown of many nickel pig iron blast furnaces in China for environmental reasons, likely accelerated by the upcoming Olympic Games. It is not known whether these plants will be re-commissioned once the Olympics are over. However, the Chinese stainless steel industry, which continues to expand, will still require nickel feedstock, for which nickel pig iron has now formed an important source, and, despite current market conditions, Interfax-China was reporting in late May 2008 a forecast increase in China's laterite ore imports in 2008.

Alternatively, any permanent shutdown in nickel pig iron blast furnaces in China may lead to an acceleration in the construction of processing plants offshore, which offers considerable potential for the development of an integrated nickel laterite mining and processing industry in the Philippines.

There are at least eight nickel laterite mines either in production or being developed in the Surigao District of northern Luzon, the Philippines. The geological extension of the nickel laterite mineralization on the Company's Agata Project into the adjacent property, two kilometers south, is in production with material currently shipped to markets in China.

To date, the Company has identified two main areas of nickel laterite mineralization on its Agata Project: the North and South nickel laterite prospects.

Agata North Nickel Laterite Prospect

Phase two drilling continued in the first quarter of 2008 with four rigs on the Agata North nickel laterite project. For the Phase one program in 2007, conventional diamond drilling was used, however, due to the possibility of water washing the lateritic core, thereby reducing the reported grade, Phase two drilling switched to using a dry technique, but drilling is much slower. A total of 17 holes were drilled in the first quarter of 2008, for a total of 151 holes to date on the project. The Company is evaluating alternative drilling techniques, but is considering resuming use of conventional diamond drilling in order to accelerate the program.

On April 30, 2008, Mindoro announced a National Instrument 43-101 compliant mineral resource estimate for a limited portion of the Agata North Project. The resource estimate will be updated as drilling is expanded to cover the rest of the ground within the Agata North Project area.

A total of 134 drill holes, comprising 2,921 meters of diamond drill core and 2,874 assay samples, were used for the estimate. The Mineral Resource model was generated by Dallas Cox, BE (Min), an independent qualified person as defined by NI 43-101. An Inverse Distance Squared grade estimation method was utilized within tightly constrained lithological and grade domains. Both dry metric tonnes (DMT) and wet metric tonnes (WMT) are quoted since the saleable unit for DSO production is actually WMT.

Summary of the Mineral Resource Estimate:

Resource: Combined limonite and saprolite @ 0.8% Ni cutoff grade

Category	Mil. WMT	Mil. DMT	Ni%	Co%	Fe%
Measured	1.22	0.9	1.27	0.063	23
Indicated	3.18	2.36	1.24	0.064	23
Total Meas. + Ind.	4.40	3.26	1.25	0.063	23
Inferred	2.45	1.83	1.23	0.062	22

- *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.*
- *It is uncertain if further exploration will result in upgrading the Inferred mineral resource to an Indicated or Measured mineral resource or the Indicated mineral resource to a Measured Resource category.*

The Company notes that the starter resource estimate exceeds the initial objective of defining material adequate for three to five years of production, at a rate of 1 million WMT per annum of direct shipping-grade material.

Creation of bench level plans continued throughout the first quarter for the detailed mine planning design and grade control blending purposes at Agata North. Construction of accommodation facilities commenced. Mining equipment inspection was

carried out and tender specifications completed. Although there remains an uncertain immediate future for marketing DSO nickel laterite material, the Company is continuing with planning and acquiring the remaining necessary DSO permits in order to facilitate a quick production decision if DSO markets justify this in the coming months.

The Company announced on May 27, 2008, that the Environmental Compliance Certificate (ECC) for the Agata nickel laterite project was signed by the Secretary of the Department of the Environment and Natural Resources. Several additional minor permits are required prior to commencing production, however, these are considerably less comprehensive and onerous to acquire than the ECC.

Enhanced Value, On-Site Processing Alternatives

The Company continued to evaluate various nickel laterite processing technologies to determine the potential for the establishment of an enhanced value, on-site processing plant. One of these promising technologies is for a new generation of High Pressure Acid Leach (HPAL) plants. These new generation HPAL plants are being used by Sumitomo on its Philippine Coral Bay operation, where it recently announced a doubling of capacity at Coral Bay, as well as plans to construct a new HPAL plant in the Surigao District.

A 125 kilogram mini-bulk sample of limonite material (low nickel and high iron) grading 1.0-1.2% nickel and greater than 40% iron, and a 20 kilogram sample of saprolite material (high nickel and low iron) grading 1.50% nickel and under 20% iron were collected from the Agata North nickel laterite prospect in March 2008 for pilot high-pressure acid-leach (HPAL) testing and sent in early April for pilot plant bench scale testing. Results of the testing have not yet been received.

Other technologies such as ferro-nickel smelting, heap and atmospheric leaching are also being evaluated.

Agata South Nickel-Iron Laterite Prospect, In Joint Venture with Delta

On August 23, 2007, the Company announced it had reached an agreement with Delta Earthmoving Inc., an experienced nickel laterite mining contractor, to explore, and advance to production if warranted, the Agata South nickel laterite project. The agreement does not cover Agata North. Delta will, at its sole cost and risk, carry out exploration over a target area of 1,800 hectares on the Southern Prospect and, if results warrant, may select an area of up to 250 hectares to advance to production.

Delta will finance all mine development and production costs, as well as market the product. Delta will receive U.S. \$10.50 per wet metric tonne mining cost and 55 percent of net profits. Mindoro and its partner, Minimax, will receive 45 percent of net profits (Mindoro 75 percent and Minimax 25 percent).

Delta continued drilling through the first quarter of 2008 at Agata South and has drilled 186 holes and 2,248 meters over 50 hectares near the southern boundary, approximately one to two kilometers north of the operating nickel laterite mine of SR Metals. Drilling has more recently transferred one to two kilometres north within the Agata South area. Delta's exploration results are currently being evaluated by an independent nickel laterite expert.

Expanded Global Resource Evaluation On Surigao Projects

Reconnaissance geological mapping carried out in the first quarter on the Company's Tapian Main, Tapian San Francisco and Mat-I tenements indicated the potential for further areas of nickel laterite mineralization and expanded the global nickel laterite resource potential. To rapidly assess the potential of what is a large area, hand-auger reconnaissance sampling commenced in March 2008, to define laterite containing significant nickel values. Holes are widely spaced, at 200 to 400 meter centers, and to relatively shallow depths of several meters (mostly within the upper limonite horizon). If significant nickel values are encountered, detailed resource drilling will follow using mechanical drill rigs.

Agreement with Indigenous Community Signed

The Company announced on April 2, 2008, it had signed a Memorandum of Agreement (MOA) with the Mamanwa and Manobo Tribes living within the Agata Project area and the National Commission on Indigenous Peoples (NCIP). The MOA grants the Mamanwa and Manobo Tribes a royalty of one percent of the gross output of any mining project. In addition to the royalty payments, Mindoro has committed to provide skills training, employment opportunities, educational scholarships, and medical and dental services. The MOA also ensures the preservation and development of the community's culture, traditions and institutions, and protection of burial grounds and sacred places.

American Tunnels Porphyry Prospect, Agata Project

In a geological coincidence, the nickel laterite mineralization at Agata is juxtaposed in close proximity to several porphyry copper-gold prospects. One of these, the American Tunnels prospect, is characterized by a strong IP chargeability anomaly, extending over 800 m by 300 m, capped by a resistivity anomaly and coincident with a magnetic anomaly; extensive copper, gold and zinc soil anomalies are associated. The IP chargeability anomaly is part of a string of strong chargeability anomalies extending over at least six kilometers of strike through the Agata Project, which are associated with intersections of splays of the Philippine Fault and cross-cutting faults

Although artisanal miners have been mining epithermal gold in the American Tunnels area for several decades, early in 2008 it was recognized that artisanal miners are now actively mining high-grade copper mineralization from six shafts and tunnels over an area of 150 m by 50 m. A further eleven workings are being actively mined for epithermal gold. The copper ore is being mined by manual methods with ore grading 5 percent to 15 percent copper loaded into 40 kg sacks and sold to local buyers to be sent to China for processing.

As described in the Company's May 12, 2008, press release, the Company obtained the following results from channel samples taken from one of the more easily accessible shafts:

- 1.1 m vertical channel sample across exposed part of dyke at 7.91% copper, 0.23 g/t gold and 35.70 g/t silver;
- 1.0 m horizontal channel sample across floor of shaft at 4.89% copper, 0.15 g/t gold and 16.80 g/t silver;
- 1.9 m vertical channel sample across exposed part of dyke at 7.37% copper, 0.13 g/t gold and 27.80 g/t silver; and
- 1.05 m vertical channel sample across exposed part of dyke at 2.02% copper, 0.07 g/t gold and 7.70 g/t silver

Given the strength of copper mineralization observed and extent and nature of alteration, the copper mineralization is taken as strong evidence of a significant porphyry copper-gold source nearby, probably related to the adjacent IP anomalies. Detailed evaluations are in progress to define drill targets, though drilling would not be expected to commence until later in 2008 or early in 2009, due to the number of other high-priority programs currently being advanced by the Company

BATANGAS PROJECTS, LUZON

Mindoro may earn up to a 75 percent interest in the 32,000 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 deposit to the feasibility stage. Within the Batangas land package, both the Lobo and Archangel Projects 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, and the Calo and El Paso prospect are held under Exploration Permits (EP). The remaining Batangas Regional ground is held under either MPSA or EP applications, which are in various stages of approval. The Company is in various stages of negotiations with several companies to joint venture most or all of the Batangas projects and prospects. As of March 31, 2008, the Company had \$11,490,085 in exploration expenditures on the Batangas Projects, including expenditures of \$268,102 in the first quarter of 2008.

Kay Tanda-Pulang Lupa Epithermal Gold Prospects, Archangel Project

Work on a National Instrument 43-101 report continued in the first quarter of 2008 and field programs at Kay Tanda-Pulang Lupa were suspended, pending completion of the report. On February 6, 2008, the NI 43-101 compliant mineral resource estimate was released, indicating that from 40 to 67 percent of the previously defined Exploration Target, at a cut-off of 0.5 grams per tonne (g/t) gold had been converted to resources. The Mineral Resource Report was completed jointly by Dean Fredericksen, Principal Consultant, of Ravensgate Mineral Industry Consultants of Australia, who carried out the Mineral Resource estimate, and Dr. Bruce Rohrlach, geological consultant, also of Australia, who completed the geological and quality control / quality assurance components of the report. The report is available on SEDAR (www.sedar.com) and Mindoro's website (www.mindoro.com).

Summary results of the NI 43-101 report were:

- Kay Tanda: Inferred Resource: 10,592,000 tonnes @ 0.70 g/t Au, 1.9 g/t Ag (238,000 contained ounces Au)
- Pulang Lupa: Inferred Resource: 1,007,000 tonnes @ 0.73 g/t Au, 15.1 g/t Ag (24,000 contained ounces Au)
- **Total Inferred Resource: 11,599,000 @ 0.70 g/t Au, 3.0 g/t Ag (262,000 contained ounces Au)**

- Kay Tanda: Indicated Resource: No indicated resource
- Pulang Lupa: Indicated Resource: 3,365,000 tonnes @ 0.88 g/t Au, 8.0 g/t Ag (95,000 contained ounces Au)
- **Total Indicated Resource: 3,365,000 @ 0.88 g/t Au, 8.0 g/t Ag (95,000 contained ounces Au)**

The tonnage and contained ounces figures above have been rounded to the nearest thousand and gold grades to the nearest 2nd decimal.

Many gold mineralized intercepts, including much of the bonanza grade material, were not included in the resource estimate due to wide drill spacing, averaging 50 meter centers, and lack of information on geological controls. Additional drilling is required to understand these geological controls and further upgrade the resource estimate. Mindoro is currently in advanced negotiations with an experienced gold mining company with expertise in the region to advance and potentially co-develop Kay Tanda.

Batangas Porphyry Copper-Gold Prospects

Since the majority of the Company's resources in 2008 will be channeled into advancing the Agata nickel project and American Tunnels epithermal gold and porphyry copper-gold prospects, it is the Company's preference to acquire joint

venture partners to fund further exploration and drilling on the Batangas porphyry copper-gold prospects, including the Calo and El Paso porphyry prospects. The Company is, therefore, in joint venture discussions with established copper producers and does not intend to undertake field work beyond the minimal work programs under its commitments to the Mines and Geosciences Bureau of the Philippines.

5. RESULTS OF OPERATIONS

For the three months ended March 31, 2008

Interest revenue for the three months ended March 31, 2008, was \$51,993 compared to interest revenue of \$15,498 for the three months ended March 31, 2007. Because of increased financing activities, the Company had higher cash balances during the current period compared to the first quarter of 2007. The net loss of \$418,592 for the three months ended March 31, 2008 was higher than the net loss of \$371,890 for the three months ended March 31, 2007. The Company recorded higher stock based compensation expense, salaries & benefits and consulting and professional fees expense during the current period compared to the first quarter of 2007. However advertising and promotion, conferences and trade shows, and travel expense were lower in the current period than in the same period in 2007. Operations in the first quarter of 2008 continue to focus on exploration and the Company did not generate any operating revenue.

Travel expense of \$28,522 for the three months ended March 31, 2008 was much lower than the three months ended March 31, 2007 when \$54,828 was expensed because of increased corporate and investor relations travel activities carried on in 2007 in North America, Europe and the Philippines.

Advertising and promotion expense for the period ended March 31, 2008, was \$22,631 compared to \$28,816 for the same period in 2007. Conferences and trade shows expense for the three months ended March 31, 2008 was \$10,361 compared to \$13,119 incurred in the first quarter of 2007. Corporate advertising and marketing expenses were lower in the current period because of fewer promotional programs and trade show appearances compared to the first quarter of 2007. Consulting and professional fees of \$21,667 for the three months ended March 31, 2008 was higher than the total of \$11,379 for the three months ended March 31, 2007. The current period includes accounting fees for 2007 audit services billed after the period.

Increased field activity over the past year has resulted in the need to hire additional administration and support personnel, resulting in higher salary costs. Salaries and benefits of \$130,771 for the current period were higher than salaries and benefits of \$111,668 in the first quarter of 2007.

Stock based compensation expense for employees and consultants of \$155,699 for the three months ended March 31, 2008, was higher than the first quarter 2007 expense total of \$13,744. The current period expense results from the stock based compensation associated with stock options issued during the second quarter of 2007 and vesting every six months for two years. 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 is credited to share capital. Contributed surplus recognized as a result of granting options will be credited to share capital when the options are exercised.

6. SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings Gain (Loss)	Earnings Gain	
		(Loss) Per Share	Total Assets
March 31, 2008	\$(418,592)	\$(0.005)	\$24,484,053
December 31, 2007	\$(490,420)	\$(0.006)	\$24,627,244
September 30, 2007	(541,695)	\$(0.007)	23,987,219
June 30, 2007	(705,564)	\$(0.009)	17,039,659
March 31, 2007	(371,890)	\$(0.008)	14,579,772
December 31, 2006	(482,267)	\$(0.008)	13,621,373
September 30, 2006	(483,045)	\$(0.008)	9,900,290
June 30, 2006	(479,184)	\$(0.008)	9,865,035

7. FINANCIAL CONDITION & LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of March 31, 2008, the Company's cash position was \$5,805,705, down from \$6,673,559 as at December 31, 2007. During the three months ended March 31, 2008, the Company received net proceeds of \$108,182 from the exercise of stock options.

Working capital at March 31, 2008, was \$5,011,449 as compared to \$5,844,031 at December 31, 2007. Included in the working capital amount is \$875,000 classified as accounts payable and accrued liabilities. This amount is due Panoro Minerals Ltd. in April, 2008. Pursuant to the April 10, 2007 agreement to purchase the forty percent interest in the Surigao projects previously earned by Panoro under the Surigao Option agreement, a cash payment of \$500,000 and Common shares in the Company valued at \$375,000 are due on the first anniversary of the April, 2007 closing. The payment of cash and the issue of shares were completed on April 10, 2008.

Accounts receivable balance is \$61,389 as of March 31, 2008, up from \$57,062 as of December 31, 2007. Included in accounts receivable are advances to employees for \$42,571, input tax credits receivable of \$14,377 and sundry other amounts. Prepaid expenses increased in the period to \$80,065 from \$40,100 at the end of 2007. This increase includes deposits for conferences in Europe and Canada and security deposits on new Philippine office space and staff quarters. The property and equipment balance of \$285,275 is down slightly from the December 31, 2007 balance of \$286,717. Accounts payable and accrued charges of \$935,710 as at March 31, 2008 is higher than the balance of \$926,690 as at December 31, 2007. Included is a cash payment payable to Panoro Minerals Ltd. in April, 2008 for \$500,000 and \$375,000 in Mindoro Resources Ltd. Common shares.

During the first quarter of 2008, \$692,771 was spent on Investing Activities (\$2,002,162 in the first quarter of 2007) including \$681,813 spent on exploration activities (\$1,962,388 in the first quarter of 2007). The total amount of mineral properties and exploration expenditures as at March 31, 2008, was \$18,251,619 (\$17,569,806 as at December 31, 2007).

8. CAPITAL RESOURCES

Some of the following commitments are denominated in Philippine Pesos ("PP"). At March 31, 2008, 40.9868PP = \$1CDN.

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, Tapan, 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;

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 or longer, however, \$102,136 in Lahuy assets were written off in 2005.

As of March 31, 2008, 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.

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.

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. 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. In May 2006, the Company issued 75,000 Common shares to Minimax as consideration for granting the option with a total value of \$63,690.

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 granting 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. Panoro reached its earn-in threshold of \$2,000,000 in July 2006 and in October 2006 formally notified Mindoro that it was exercising its option pursuant to the SOA. The Mat-I property became an Excluded Property as a work program and budget were not approved during the required period for that project. The ownership interest in the Agata and Tapian properties was now Panoro 40 percent, Mindoro 35 percent, and Minimax 25 percent, and in the Mat-I property, Mindoro 75 percent and Minimax 25 percent.

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. On October 11, 2006, the Mines Department approved the exploration permit for this property and the requisite 100,000 Common shares were issued to the vendor in January 2007.

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.

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.

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.

On March 14, 2007 the Company agreed to the purchase of Panoro's 40 percent interest in the Surigao projects previously earned by Panoro under the Surigao Option Agreement. Upon closing, on April 10, 2007, as consideration for the purchase of the interest, Mindoro paid Panoro \$750,000 cash plus 500,000 Mindoro Common shares and made a second payment on April 10, 2008 of \$500,000 cash plus 500,000 Mindoro Common shares. Furthermore, in the event that the nickel laterite prospect located on the Agata project should proceed to production and upon shipment of an aggregate one million tonnes of nickel laterite, Mindoro will pay Panoro \$500,000 cash plus an additional \$500,000 cash payment on the first anniversary of the shipment. The purchase and sale agreements received regulatory approval on April 10, 2007 and the requisite payment of cash and issue of common shares to Panoro was completed. Pursuant to the purchase of Panoro's interest, the Company will assume all of Panoro's obligations under the Surigao Option Agreement.

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 MPSA's 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 March 31, 2008.

Medusa Agreement: Apical Gold Project

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.

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. 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:

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;

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.

9. TRANSACTIONS WITH RELATED PARTIES

- (i) Ascenta Capital received \$15,000 for investor relations services and \$6,398 for advertising and promotions expenses; a director of the Company is a principal of Ascenta Capital. MacPherson Leslie & Tyerman, LLP received \$240 for corporate legal counsel; a director of the Company is a partner in the law firm.
- (ii) Directors of the Company were reimbursed for travel expenses amounting to \$5,023.
- (iii) Employee advances to an officer of the Company in the amount of \$10,700 are included in accounts receivable.
- (iv) Mineral properties and exploration costs include \$3,226 paid to a director during the period for consulting work and expenses and \$67,317 paid to MacPherson Leslie & Tyerman, LLP for legal work in connection with the properties.
- (v) Employee advances to two officers of the Company's subsidiary, MRL Gold Phils Inc., amounting to \$6,701 are included in accounts receivable. A director of the subsidiary was paid \$605 for consulting services.
- (vi) A total of 505,000 stock options were exercised by two officers and a director of the Company and by an officer of the Company's subsidiary, during the first quarter of 2008.

10. CAPITAL STRUCTURE

Authorized:

Unlimited number of Common shares

Unlimited number of Preferred shares

Issued - Common shares	Number
Balance, December 31, 2007	89,202,405
Issued on exercise of purchase warrants	-
Issued pursuant to private placements	-
Issued upon exercise of stock options (a)	505,000
Issued for mining properties	-
Balance, March 31, 2008	89,707,405
Common share purchase warrants	
Balance, December 31, 2007	20,846,942
Issued on exercise of agent's warrants	-
Issued pursuant to private placements	-
Warrants exercised	-
Warrants expired	-
Balance, March 31, 2008	20,846,942
Stock options	
Balance, December 31, 2007	5,887,000
Issued	-
Exercised (a)	(505,000)
Forfeited/expired (b)	(253,500)
Balance, March 31, 2008	5,128,500

- (a) Pursuant to the issue of stock options, the Company issued 505,000 Common shares for net proceeds of \$108,183. A total of 250,000 stock options with an exercise price of \$0.28 and 255,000 stock options with an exercise price of \$0.15 were exercised during the period. Stock-based compensation costs amounting to \$90,699 were re-classified to share capital upon exercise of these options.
- (b) A total of 253,500 stock options were cancelled due to forfeiture or expiration during the period. A total of 33,500 options with an exercise price of \$0.84 were cancelled and a total of 220,000 options with an exercise price of \$0.96 were cancelled.

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at March 31, 2008:

Number of Warrants	Exercise Price	Expiry Date
2,112,859	\$1.25	Apr-08
119,548	\$0.70	Apr-08
2,037,562	\$1.00	May-08
13,482,000	\$0.90	Sep-08
1,642,500	\$1.25	Dec-08
750,000	\$1.25	Jan-09
105,000	\$0.70	Jan-09
208,756	\$0.70	May-09
388,717	\$0.60	Sep-09
20,846,942		

The following table summarizes the information about stock options outstanding at March 31, 2008:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.15 to \$0.23	115,000	1.48	\$0.23
\$0.24 to \$0.36	1,205,000	4.07	\$0.32
\$0.37 to \$0.56	150,000	2.52	\$0.48
\$0.57 to \$0.80	600,000	1.90	\$0.60
\$0.81 to \$1.00	3,058,500	3.64	\$0.88
Total	5,128,500	3.46	\$0.69

Share Data as of May 27, 2008

A total of 90,257,405 Common shares were issued and outstanding as of May 27, 2008. The Company had a total of 18,614,535 purchase warrants and 5,078,500 stock options outstanding as of May 27, 2008.

11. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

	For the Three Months Ended March 31, 2008			For the Three Months Ended March 31, 2007		
	Lobo	Archangel	Regional	Lobo	Archangel	Regional
BATANGAS PROJECTS						
General Exploration	3,473	46,578	143,857	5,759	187,471	36,015
Camp, Road Construction	-	-	1,887	-	33,790	-
Travel	417	1,440	10,641	162	19,468	5,374
Geology, Geophysics	-	12,197	8,405	-	167,426	16,824
Drilling	-	-	-	-	1,083,842	255,743
Mapping, Sampling	469	100	8,245	-	9,129	8,505
Acquisition Costs	-	123	1,462	-	1,922	-
Community, Environmental	12	981	27,815	2,855	26,865	12,867
Total additions	\$ 4,371	\$ 61,419	202,312	\$ 8,776	\$ 1,529,913	\$ 335,328
SURIGAO PROJECTS						
	Agata	Tapian		Agata	Tapian	
General Exploration	260,711	8,338		16,059	24,142	
Camp, Road Construction	1,544	-		1,140	2,175	
Travel	16,129	772		1,418	558	
Geology, Geophysics	10,185	-		99	604	
Drilling	20,686	-		11,319	8,884	
Mapping, Sampling	7,834	151		860	739	
Acquisition Costs	279	-		62	1,547	
Community, Environmental	55,807	3,652		4,835	1,614	
Development Costs	11,652	-		-	-	
Total additions	\$ 384,827	\$ 12,913		\$ 35,792	\$ 40,263	
OTHER PROJECTS						
	Pan de Azucar	Mat-I	Other	Pan de Azucar	Mat-I	Other
General Exploration	2,566	-	625	737	-	-
Acquisition Costs	-	-	-	-	-	-
Total additions	\$ 2,566	\$ -	\$ 625	\$ 737	\$ -	\$ -

12. RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including, but not limited to, environmental, metal prices, political and economical. The Company has no sources of financing other than equity financing. The properties in which the Company has an interest or has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization.

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

The fair value of financial instruments as at March 31, 2008 is summarized as follows:

	Financial assets held for trading	Loans and receivables	Other financial liabilities	Total carrying value
Cash and cash equivalents	\$ 5,805,705	\$ -	\$ -	\$ 5,805,705
Accounts receivable	-	61,389	-	61,389
Accounts payable and accrued liabilities	-	-	935,710	935,710
	\$ 5,805,705	\$ 61,389	\$ 935,710	\$ 6,802,804

Currency Risk: The Company's capital funds are received and maintained in Canadian dollars. Foreign operations are conducted in the Philippines and operating expenditures are primarily made in Philippine pesos. However, a portion of operating materials, supplies, services and equipment purchases are in United States dollars. Accordingly the results of the Company's operations are subject to foreign currency transaction risk and translation risk. The fluctuations of the Philippine peso and the United States dollar in relation to the Canadian dollar will consequently have an impact upon the consolidated balance sheets, the consolidated statements of loss and deficit and the consolidated statements of cash flows. The Company does not hedge its exposure to fluctuations in the related foreign exchange rate.

Credit Risk: The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk through maintaining its cash and cash equivalents with high-credit quality financial institutions.

Liquidity Risk: The Company ensures that there is sufficient capital in order to meet short term business requirements after taking into account the Company's holdings of cash and cash equivalents. There is no established source of revenue and all operations have been funded by equity subscriptions.

Interest Rate Risk: With cash and cash equivalents, the Company invests cash at fixed rates of interest and for relatively short terms, usually 90 days or less. This approach achieves a satisfactory return for shareholders. Fluctuations in interest rates therefore impact the value of cash and cash equivalents.

13. EVENTS SUBSEQUENT TO MARCH 31, 2008

Subsequent to the period, 50,000 stock options were exercised for gross proceeds of \$11,500.

Purchase warrants in the amount of 2,112,859 expired April 6, 2008. Each warrant entitled the holder to purchase one Common share in the Company for \$1.25. A total of 119,548 agents' warrants expired April 6, 2008. Each agent's warrant entitled the holder to purchase one Common share in the Company for \$0.70.

Pursuant to an agreement with Panoro Minerals Ltd. ("Panoro") to purchase the forty percent interest in the Surigao projects previously earned by Panoro under the Surigao Option agreement, the payment due on the first anniversary of the April, 2007 closing of \$500,000 cash and the issue of 500,000 common shares in the Company were completed April 10, 2008. The cash payment of \$500,000 is included in accounts payable and accrued liabilities as at March 31, 2008. The value of the shares issued, in the amount of \$375,000, is included in shareholders' equity as at March 31, 2008.

On April 2, 2008, MRL Gold Phils., Inc., the Philippine operating subsidiary of the Company, signed a Memorandum of Agreement (MOA) with the Mamanwa and Manobo Tribes and the National Commission on Indigenous Peoples. The MOA will allow the people of the Mamanwa and Manobo Tribes to participate in the Company's future by granting a royalty of one percent of the gross output of any mining project. In addition to the royalty payments, Mindoro has committed to provide skills training, employment opportunities, educational scholarships, and medical and dental services. The MOA also ensures the preservation and development of the community's culture, traditions and institutions, and the protection of burial grounds and sacred places.

14. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, MRL Gold Phils., Inc., and have been prepared in accordance with Canadian generally accepted accounting principles.

(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.

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.

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) ASSET RETIREMENT OBLIGATIONS

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased or decreased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the Statement of Loss and Comprehensive Loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscovered cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company has not yet incurred any significant asset retirement obligations.

(C) STOCK-BASED COMPENSATION

The Company has a stock option plan as described in note 6 in the Notes to Consolidated Financial Statements for the three months ended March 31, 2008. 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 is credited to share capital. Contributed surplus recognized as a result of granting options will be credited to share capital when the options are exercised. During the three months ended March 31, 2008 there were no stock options awarded to employees and consultants (three months ended March 31, 2007 - no options were awarded).

(D) 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.

(E) EMPLOYEE FUTURE BENEFITS

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. The average remaining service period of the active employees covered by the pension plans is 17 years.

- (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.

(F) CHANGES IN ACCOUNTING POLICY

- (i) Commencing January 1, 2007, the Company adopted new accounting standards as issued by the Canadian Institute of Chartered Accountants (CICA) for Comprehensive Income, Equity, Financial Instruments and Hedges. In accordance with the new standards, the comparative financial statements have not been restated as a result of implementing the new accounting standards.

Comprehensive income (loss)

Section 1530 introduces a new requirement for the reporting and presentation of comprehensive income, which represents the change in equity from transactions and other events and circumstances from non-owner sources. Comprehensive income includes unrealized gains and losses such as: changes in foreign currency translation; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges. As the Company did not have any of these types of transactions in the year, comprehensive loss is equal to net loss in the year. There were no opening or closing balances that form part of accumulated or other comprehensive income.

Equity

Section 3251, "Equity", which replaces Section 3250, "Surplus" and establishes standards for the presentation of equity and changes in equity during the reporting period and requires that an enterprise present separately equity components and changes in equity arising from (i) net income; (ii) other comprehensive income; (iii) other changes in retained earnings; (iv) changes in contributed surplus; (v) changes in share capital; and (vi) changes in reserves. The Company has adopted this standard effective January 1, 2007. No transitional adjustments were required as a result of the adoption of this standard.

Financial Instruments - Recognition and Measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. The Section requires that:

- financial assets are classified as loans and receivables, held-to-maturity, held-for-trading or available-for-sale. Loans and receivables include all loans and receivables and are accounted for at amortized cost. Held-to-maturity classification is restricted to fixed maturity instruments that the Company intends and is able to hold to maturity and is accounted for at amortized cost. Held-for-trading instruments are recorded at fair value with realized and unrealized gains and losses reported in net income. The remaining financial assets are classified as available-for-sale. These are recorded at fair value with unrealized gains and losses reported in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.
- financial liabilities are classified as either held-for-trading or other financial liabilities. Held for trading instruments are recorded at fair value with realized and unrealized gains and losses reported in net income. Other financial liabilities are accounted for at amortized cost with gains and losses reported in net income in the period that the liability is derecognized; and
- derivative financial instruments, including non-financial derivatives, are classified as held-for-trading and measured at fair value unless designated as hedging instruments or exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts are also measured at fair value.
- Under adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading and accounts receivables as loans and receivables, which are accounted for at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost.

- The Company has no material financial, non-financial, or embedded derivatives.

Financial Instruments – Disclosure and Presentation

Revised Section 3861 replaces Section 3860, Financial Instruments - Disclosure and Presentation, and establishes standards for presentation of financial instruments and non-financial derivatives, and identifies information that should be disclosed. The adoption of this Section had no material impact on the Company's consolidated financial statements.

Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. Section 3865 replaces Accounting Guideline 13 "Hedging Relationships" and the hedging guidance in Section 1650, "Foreign Currency Translation" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Company currently does not apply hedge accounting.

- (ii) In June 2007, the CICA issued Emerging Issues Committee Abstract No. 166, "Accounting Policy Choice for Transaction Costs" ("EIC-166"). This EIC addresses the accounting policy choice of expensing or adding transaction costs to the carrying value of the related financial assets and financial liabilities that are classified as other than held-for-trading. The Company has elected to add transaction costs to the carrying value of assets and liabilities classified as other than held-for-trading and to amortize the transaction costs over the expected life of the instrument utilizing 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. The adoption of this guidance had no material impact on the Company's consolidated financial statements.
- (iii) In July 2006, the CICA amended Section 1506, "Accounting Changes", which revises current standards on changes in accounting policy, estimates or errors. An entity is permitted to change an accounting policy only when it results in financial statements that provide reliable and more relevant information or results from a requirement under a primary source of Canadian GAAP. The guidance also addresses how to account for a change in accounting policy, estimate or corrections of errors, and establishes enhanced disclosures about their effects on the financial statements. The Company has adopted this standard, effective January 1, 2007.

Capital Disclosures and Financial Instruments-Disclosure and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, "Capital Disclosures", Handbook Section 3862, "Financial Instruments-Disclosures", and Handbook section 3863, "Financial Instruments-Presentation". The Company adopted these standards commencing January 1, 2008.

Section 1535 specifies the disclosure of an entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements and if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments-Disclosure and Presentation. The new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks.

In June 2007, CICA Section 1400 was amended to clarify requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company adopted this standard commencing January 1, 2008. The Company's disclosure reflects such assessment.

In 2005, the CICA announced plans to converge Canadian GAAP with IFRS over a transition period from 2006 to 2011. The CICA has indicated that Canadian reporting issuers will need to begin reporting under IFRS, including comparative figures, by the first quarter of 2011. The Company is currently assessing the impact of the differences in accounting standards to the Company's financial statements.



Consolidated Balance Sheets

	March 31 2008	December 31 2007
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 5,805,705	\$ 6,673,559
Accounts receivable (Note 5)	61,389	57,062
Prepaid expenses	80,065	40,100
	5,947,159	6,770,721
MINERAL PROPERTIES AND EXPLORATION COSTS (Note 3)	18,251,619	17,569,806
PROPERTY AND EQUIPMENT (Note 4)	285,275	286,717
	\$ 24,484,053	\$ 24,627,244
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 935,710	\$ 926,690
ACCRUED BENEFIT OBLIGATION	85,863	83,363
	1,021,573	1,010,053
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	30,756,796	30,557,914
Share obligation (Note 3 and Note 14)	375,000	375,000
Contributed surplus (Note 7)	6,092,825	6,027,826
Retained earnings	(13,762,141)	(13,343,549)
	23,462,480	23,617,191
	\$ 24,484,053	\$ 24,627,244
SUBSEQUENT EVENTS (Note 14)		



Consolidated Statements of Loss, Comprehensive Loss and Deficit

	Three Months Ended March 31	
	2008	2007
REVENUE		
Interest	\$ 51,993	\$ 15,498
EXPENSES		
Administration	5,830	7,028
Advertising and promotion	22,631	28,816
Communications	8,175	7,161
Conferences and trade shows	10,361	13,119
Consulting and professional fees	21,667	11,379
Investor relations consultants	45,463	45,649
Listing fees and shareholder communications	12,439	16,721
Office, postage and sundry	12,373	10,802
Printing	3,909	2,609
Rent	14,361	12,635
Salaries and benefits	130,771	111,668
Stock based compensation - employees	151,437	-
Stock based compensation - consultants	4,262	13,744
Travel	28,522	54,828
Foreign exchange loss (gain)	(14,016)	43,623
Depreciation and amortization	9,451	7,606
	467,636	387,388
Loss Before Other Items	(415,643)	(371,890)
Other Items		
Loss on disposal of property and equipment	(2,949)	-
Write down of mineral properties and exploration costs	-	-
	(418,592)	(371,890)
Provision for Future Income Tax (Expense) Recovery	-	-
Net loss and comprehensive loss	(418,592)	(371,890)
Deficit, beginning of period	(13,343,549)	(11,233,980)
Deficit, end of period	\$ (13,762,141)	\$ (11,605,870)
Basic and diluted loss per share - basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average shares outstanding	89,374,548	69,987,472



Consolidated Statements of Cash Flows

Three Months Ended March 31
2008 2007

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES

OPERATING

Net loss	\$ (418,592)	\$ (371,890)
Items not affecting cash		
Stock-based compensation - employees	151,437	-
Stock-based compensation - consultants	4,262	13,744
Depreciation and amortization	9,451	7,606
Accrued benefit obligation	2,500	-
Loss on write down of property and equipment	2,949	-
Write down of mineral properties and exploration costs	-	-
Changes in non-cash working capital (note 10)	(35,272)	167,555
	(283,265)	(182,985)

INVESTING

Expenditures on mineral properties and exploration costs	(681,813)	(1,962,388)
Acquisition of property and equipment	(10,958)	(39,774)
	(692,771)	(2,002,162)

FINANCING

Issue of share capital, net of issuance costs	108,182	1,146,140
	108,182	1,146,140

DECREASE IN CASH AND CASH EQUIVALENTS (867,854) (1,039,007)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 6,673,559 3,602,179

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 5,805,705 \$ 2,563,172

Supplemental cash flow information

Interest received	42,169	15,498
Income taxes paid	-	-

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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. 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 Phils., Inc., and have been prepared in accordance with Canadian generally accepted accounting principles.

(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.

(C) 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.

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.

Notes to Consolidated Financial Statements

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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.

(D) 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.

(E) ASSET RETIREMENT OBLIGATIONS

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased or decreased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the Statement of Loss and Comprehensive Loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscovered cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company has not yet incurred any significant asset retirement obligations.

(F) 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 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 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

Notes to Consolidated Financial Statements

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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.

(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.

(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 reported period. Significant estimates made by management include assessing the recoverability of mineral properties and exploration costs and property and equipment. 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 year. Exchange gains or losses on translation of current and non-current monetary items are included in the determination of net loss.

(K) EMPLOYEE FUTURE BENEFITS

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.

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- 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) CHANGES IN ACCOUNTING POLICY

- i. Commencing January 1, 2007, the Company adopted new accounting standards as issued by the Canadian Institute of Chartered Accountants (CICA) for Comprehensive Income, Equity, Financial Instruments and Hedges. In accordance with the new standards, the comparative financial statements have not been restated as a result of implementing the new accounting standards.

Comprehensive income (loss)

Section 1530 introduces a new requirement for the reporting and presentation of comprehensive income, which represents the change in equity from transactions and other events and circumstances from non-owner sources. Comprehensive income includes unrealized gains and losses such as: changes in foreign currency translation; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges. As the Company did not have any of these types of transactions in the year, comprehensive loss is equal to net loss in the year. There were no opening or closing balances that form part of accumulated or other comprehensive income.

Equity

Section 3251 which replaces Section 3250, Surplus and establishes standards for the presentation of equity and changes in equity during the reporting period and requires that an enterprise present separately equity components and changes in equity arising from (i) net income; (ii) other comprehensive income; (iii) other changes in retained earnings; (iv) changes in contributed surplus; (v) changes in share capital; and (vi) changes in reserves. The Company has adopted this standard effective January 1, 2007. No transitional adjustments were required as a result of the adoption of this standard.

Financial Instruments - Recognition and Measurement

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. The Section requires that:

- financial assets are classified as loans and receivables, held-to-maturity, held-for-trading or available-for-sale. Loans and receivables are accounted for at amortized cost. Held-to-maturity classification is restricted to fixed maturity instruments that the Company intends and is able to hold to maturity, and is accounted for at amortized cost. Held-for-trading instruments are recorded at fair value with realized and unrealized gains and losses reported in net income. The remaining financial assets are classified as available-for-sale. These assets are recorded at fair value with unrealized gains and losses reported in other comprehensive income until the investment is derecognized or impaired at which time the unrealized gains and losses would be recorded in net income.
- financial liabilities are classified as either held-for-trading or other financial liabilities. Held-for-trading instruments are recorded at fair value with realized and unrealized gains and losses reported in net income. Other financial liabilities are accounted for at amortized cost with gains and losses reported in net income in the period that the liability is derecognized.
- derivative financial instruments, including non-financial derivatives, are classified as held-for-trading and measured at fair value unless designated as hedging instruments or exempted

Notes to Consolidated Financial Statements

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from derivative treatment as a normal purchase or sale. Certain derivatives embedded in other contracts are also measured at fair value.

- Under adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading and accounts receivables as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.
- The Company has no material financial, non-financial, or embedded derivatives.

Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. Section 3865 replaces Accounting Guideline 13, Hedging Relationships and the hedging guidance in Section 1650, Foreign Currency Translation by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Company currently does not apply hedge accounting.

Financial Instruments – Disclosure and Presentation

Revised Section 3861 replaces Section 3860, Financial Instruments - Disclosure and Presentation, and establishes standards for presentation of financial instruments and non-financial derivatives, and identifies information that should be disclosed. The adoption of this Section had no material impact on the Company's consolidated financial statements.

- ii. In June 2007, the CICA issued Emerging Issues Committee Abstract No. 166, Accounting Policy Choice for Transaction Costs ("EIC-166"). This EIC addresses the accounting policy choice of expensing or adding transaction costs to the carrying value of the related financial assets and financial liabilities that are classified as other than held-for-trading. The Company has elected to add transaction costs to the carrying value of assets and liabilities classified as other than held-for-trading and to amortize the transaction costs over the expected life of the instrument utilizing 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. The adoption of this guidance had no material impact on the Company's consolidated financial statements.
- iii. In July 2006, the CICA amended Section 1506, Accounting Changes, which revises current standards on changes in accounting policy, estimates or errors. An entity is permitted to change an accounting policy only when it results in financial statements that provide reliable and more relevant information or results from a requirement under a primary source of Canadian GAAP. The guidance also addresses how to account for a change in accounting policy, estimate or corrections of errors, and establishes enhanced disclosures about their effects on the financial statements. The adoption of this Section had no material impact on the Company's consolidated financial statements.

Capital Disclosures and Financial Instruments-Disclosure and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Section 1535, Capital Disclosures, Section 3862, Financial Instruments-Disclosures, and Section 3863, Financial Instruments-Presentation. The Company adopted these standards commencing January 1, 2008.

Section 1535 specifies the disclosure of a company's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements and if it has not complied, the consequences of such non-compliance.

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Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments-Disclosure and Presentation. The new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks.

In June 2007, Section 1400 was amended to clarify requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company adopted this standard commencing January 1, 2008. The Company's disclosure reflects such assessment.

In 2005, the CICA announced plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period from 2006 to 2011. The CICA has indicated that Canadian reporting issuers will need to begin reporting under IFRS, including comparative figures, by the first quarter of 2011.

3. MINERAL PROPERTIES AND EXPLORATION COSTS

Project	Balance December 31, 2006	Expenditures	Balance December 31, 2007	Expenditures	Balance March 31, 2008
Agata	\$ 1,390,205	\$ 1,960,590	\$ 3,350,795	\$ 384,827	\$ 3,735,622
Tapian	894,500	1,271,416	2,165,916	12,913	2,178,829
Mat-I	68,938	603	69,541	-	69,541
Pan de Azucar	617,219	2,936	620,155	2,566	622,721
Batangas	665,675	1,423,131	2,088,806	202,312	2,291,118
Lobo	2,473,242	32,279	2,505,521	4,371	2,509,892
Archangel	3,410,406	3,217,250	6,627,656	61,419	6,689,075
Laos	24,907	(24,907)	-	-	-
Other	-	-	-	625	625
	9,545,092	7,883,298	17,428,390	669,033	18,097,423
Royalty Deposits	120,925	20,491	141,416	12,780	154,196
	\$ 9,666,017	\$ 7,903,789	\$ 17,569,806	\$ 681,813	\$ 18,251,619

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. Some of the commitments are denominated in Philippine Pesos ("PP"):

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:

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- i. Phase one – incurring an aggregate amount of 20 million PP in eligible mining expenditures allocated to the properties as defined in the MOA;
- ii. Phase two – incurring an additional aggregate amount of 75 million PP in eligible mining expenditures allocated to the properties as defined in the MOA; and
- iii. Phase three – incurring an additional aggregate amount of 75 million PP in eligible mining expenditures allocated to the properties as defined in the MOA;

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. However, in keeping with Canadian GAAP to write-down projects dormant for three years or longer, \$102,136 in Lahuy assets were written off in 2005.

As of March 31, 2008, 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.

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 US \$5,000,000 per mining reserve.

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. 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. In May 2006, the Company issued 75,000 Common shares to Minimax as consideration for granting the option with a total value of \$63,690.

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

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Pursuant to the Surigao Option Agreement ("SOA") effective June 21, 2004, Panoro Minerals Ltd. ("Panoro") 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 granting the additional interest option, Panoro is obligated to deliver 50,000 of its common shares to the Company. These 50,000 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. Panoro reached its earn-in threshold of \$2,000,000 in July 2006 and in October 2006 formally notified the Company that it was exercising its option pursuant to the SOA. The Mat-I property became an Excluded Property as a work program and budget were not approved during the required period for that project. The ownership interest in the Agata and Tapian properties was now Panoro 40 percent, Mindoro 35 percent, and Minimax 25 percent, and in the Mat-I property, Mindoro 75 percent and Minimax 25 percent.

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. On October 11, 2006, the Mines Department approved the exploration permit for this property and the requisite 100,000 Common shares were issued to the vendor in January 2007.

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 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



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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.

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.

On March 14, 2007 the Company agreed to the purchase of Panoro's 40 percent interest in the Surigao projects previously earned by Panoro under the Surigao Option Agreement. Upon closing, as consideration for the purchase of the interest, Mindoro will pay Panoro \$750,000 cash plus 500,000 Mindoro Common shares; Mindoro will make a second payment of \$500,000 cash plus 500,000 Mindoro Common shares on the first anniversary of the closing. Furthermore, in the event that the nickel laterite prospect located on the Agata project should proceed to production and upon shipment of an aggregate one million tonnes of nickel laterite, Mindoro will pay Panoro \$500,000 cash plus an additional \$500,000 cash payment on the first anniversary of the shipment. The purchase and sale agreements received regulatory approval on April 10, 2007 and the requisite payment of cash and issue of common shares to Panoro was completed. Pursuant to the purchase of Panoro's interest, the Company will assume all of Panoro's obligations under the Surigao Option Agreement.

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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 US \$1,500,000 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 March 31, 2008.

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.

Medusa Agreement: Apical Gold Project

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. 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.

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2008



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Delta Earthmoving Agreement: Agata South Nickel-Iron Laterite Prospect

On March 7, 2008 the Company signed a Memorandum of Agreement and Mining Services Agreement (collectively, “the Agreements”) with Delta Earthmoving Inc.. Under the terms of the Agreements, Delta will, at its sole cost and risk, carry out exploration over a target area of 1,800 hectares on the Agata South Nickel-Iron Laterite Prospect and may select an area of up to 250 hectares to advance to production. Delta will finance all exploration and, if warranted, mine development and production costs, as well as market the product. Delta will receive U.S. \$10.50 per wet metric tonne mining cost and 55 percent of net profits. Mindoro Resources Ltd. and its partner Minimax will receive 45 percent of net profits (Mindoro Resources Ltd. 75% and Minimax 25%).

4. PROPERTY AND EQUIPMENT

	March 31, 2008			December 31, 2007		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Computer hardware	\$ 79,673	\$ 26,625	\$ 53,048	\$ 75,396	\$ 22,605	\$ 52,791
Computer software	125,527	60,224	65,303	124,974	54,454	70,520
Vehicle	110,683	27,739	82,944	116,765	25,701	91,064
Equipment & Furnishings	115,127	41,024	74,103	104,081	37,385	66,696
Leasehold improvements	14,034	4,157	9,877	9,190	3,544	5,646
	<u>\$ 445,044</u>	<u>\$ 159,769</u>	<u>\$ 285,275</u>	<u>\$ 430,406</u>	<u>\$ 143,689</u>	<u>\$ 286,717</u>

5. ACCOUNTS RECEIVABLE

Accounts receivable includes advances to employees for \$42,571, input tax credits receivable of \$14,377 and sundry other amounts receivable.

6. SHARE CAPITAL

Authorized

Unlimited number of common shares

Unlimited number of preferred shares

	March 31, 2008		December 31, 2007	
	Number	Amount	Number	Amount
Issued				
Common shares				
Balance, beginning of period	89,202,405	\$ 30,557,914	68,247,523	\$ 21,842,956
Issued upon exercise of warrants (a)	-	-	72,760	75,721
Issued pursuant to private placements (b)-(g)	-	-	19,057,122	7,792,299
Issued upon exercise of stock options (h)	505,000	198,882	1,075,000	419,438
Issued for mining properties (i)-(k)	-	-	750,000	427,500
Balance, end of period	89,707,405	\$ 30,756,796	89,202,405	\$ 30,557,914
Common share purchase warrants				
Balance, beginning of period	20,846,942		3,911,287	
Issued pursuant to private placements (b)-(g)	-		16,972,035	
Issued pursuant to exercise of agents warrants (m)	-		36,380	
Exercised (a)	-		(72,760)	
Expired (n)	-		-	
Balance, end of period	20,846,942		20,846,942	



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For the Three Months Ended March 31, 2008

- a. Purchase warrants were exercised for net proceeds of \$50,791. The fair value of purchase warrants exercised, \$24,930, was credited to share capital.
- b. In April of 2006, the Company issued 4,118,950 Units at \$0.70 per Unit for proceeds of \$2,707,325 net of issue costs, including finder's fees, of \$175,940. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allowed the holder to acquire one Common share of the Company at a price of \$1.00 for a period of one year subsequent to issue of the purchase warrant and, at a price of \$1.25 for one additional year thereafter. The Company also issued 226,316 agent's warrants; agent's warrants are exercisable at \$0.70 per Unit for a period of two years. Each agent's warrant consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allowed the holder to acquire one Common share of the Company at a price of \$1.00 for a period of one year subsequent to issue of the purchase warrant and, at a price of \$1.25 for one additional year thereafter.
- c. In December of 2006, the Company issued 3,285,000 Units at \$0.70 per Unit for proceeds of \$2,286,612 net of issue costs of \$12,888. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allowed the holder to acquire one Common share of the Company at a price of \$1.00 until December 2007 and, thereafter, at a price of \$1.25 until December 20, 2008.
- d. In January of 2007, pursuant to a private placement, the Company issued 1,500,000 Units at \$0.70 per Unit for gross proceeds of \$1,050,000 less finders' fees and other costs of \$78,236. 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 at \$1.00 for a period of one year until the expiry date of January 3, 2008, and, thereafter, at a price of \$1.25 until January 3, 2009. A total of 750,000 purchase warrants and 105,000 agent's warrants are exercisable pursuant to this Private Placement. The fair value of purchase warrant issued in this Private Placement in the amount of \$230,753 was charged to share capital. The fair value of agent's warrants issued, in the amount of \$69,755, was also charged to share capital.
- e. In May of 2007, the Company issued 4,075,122 Units at \$0.70 per Unit, pursuant to a private placement. Proceeds, net of finders' fees and other costs, amounted to \$2,690,692. 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 at \$1.00 for a period of one year until the expiry date of May 29, 2008, and, thereafter, at a price of \$1.25 until May 29, 2009.
- f. A total of 2,037,562 purchase warrants and 208,756 agent's warrants are exercisable pursuant to this Private Placement. The fair value of the purchase warrants issued was \$318,510 and the fair value of agent's warrants issued amounted to \$63,053. These fair value amounts were charged to share capital.
- g. In September of 2007, the Company issued 13,482,000 Units, in two tranches, at \$0.60 per Unit, pursuant to a Private Placement. Proceeds from both tranches, net of finders' fees and other costs, amounted to \$7,614,409. Each Unit consisted of one Common share and one common share purchase warrant. In the first tranche, each purchase warrant allows the holder to acquire one Common share at \$0.90 for a period of one year until the expiry date of September 20, 2008, and, thereafter, at a price of \$1.10 until September 20, 2009. The fair value of the 6,585,662 purchase warrants issued in this tranche, in the amount of \$1,373,993, was charged to share capital. In the second tranche, each purchase warrant allows the holder to acquire one Common share at \$0.90 for a period of one year until the expiry date of September 28, 2008, and thereafter, at a price of \$1.10 until September 28, 2009. A total of 6,896,338 purchase warrants issued in this tranche are exercisable pursuant to this Private Placement. The Units issued pursuant to this Private Placement are subject to a resale restriction period of four months, which expires on January 20, 2008. The fair value of purchase warrants issued in the second tranche, in the amount of \$1,286,042, was charged to share capital. Two tranches of agent's warrants amounting to 388,717 were also issued pursuant to this Private Placement and the fair value of the agent's warrants, in the amount of \$142,461, was charged to

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share capital.

- h. In 2007, the Company issued 1,075,000 Common shares pursuant to the exercise of stock options for net proceeds of \$233,045. Stock-based compensation costs totaling \$186,393, recorded as an increase to contributed surplus on issuance of the stock options, were reclassified to share capital upon the exercise of these options. In the first quarter of 2008, pursuant to the exercise of stock options, the Company issued 505,000 Common shares for net proceeds of \$108,183. Stock-based compensation costs amounting to \$90,699 were re-classified to share capital upon exercise of these options.
- i. In connection with the Company's October 5, 2005 agreement with Minimax (note 3) and pursuant to receiving regulatory approval in January 2006, the Company recorded an obligation to issue 75,000 shares to Minimax. The shares were issued May 28, 2006.
- j. As consideration for the purchase of Panoro Mineral Ltd's forty percent interest in the Surigao projects previously earned by Panoro under the Surigao Option Agreement (note 3) the Company issued 500,000 Common shares to Panoro on April 10, 2007.
- k. The Company issued 250,000 Common shares to the property vendor in connection with the Company's October 26, 2004 Bautista-Agata agreement (note 3) and pursuant to the one year anniversary of the receipt of the property exploration permit. The shares were issued October 2, 2007.
- l. In connection with the Company's October 26, 2004, Bautista-Agata agreement (note 3) and pursuant to receiving the exploration permit for this property on October 11, 2006, the Company recorded an obligation to issue 100,000 Common shares to the property vendor. These shares were issued January 21, 2007.
- m. These purchase warrants were issued pursuant to the exercise of 72,760 Agent's warrants.
- n. No warrants expired in 2007 and no warrants expired in the first quarter of 2008.

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at March 31, 2008:

March 31, 2008			December 31, 2007		
Number of Warrants	Exercise Price	Expiry Date	Number of Warrants	Exercise Price	Expiry Date
1,642,500	\$ 1.25	December 2008	1,642,500	\$ 1.25	December 2008
750,000	1.25	January 2009	750,000	1.00	January 2008
2,112,859	1.25	April 2008	2,112,859	1.25	April 2008
119,548	0.70	April 2008	119,548	0.70	April 2008
2,037,562	1.00	May 2008	2,037,562	1.00	May 2008
13,482,000	0.90	September 2008	13,482,000	0.90	September 2008
105,000	0.70	January 2009	105,000	0.70	January 2009
208,756	0.70	May 2009	208,756	0.70	May 2009
388,717	0.60	September 2009	388,717	0.60	September 2009
20,846,942			20,846,942		

The grant date fair value of common share purchase warrants are recorded as an increase to contributed surplus and a decrease to share capital as an issue cost of each private placement. The fair value of common share purchase warrants are estimated at the grant date using the Black-Scholes pricing model. There were no

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2008



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warrants issued in the three months ended March 31, 2008.

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% 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, prior to 2007, vested immediately. The options issued to employees during the year ended 2007 vest over 2 years. 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:

	March 31, 2008		December 31, 2007	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	5,887,000	\$0.51	5,035,000	\$0.51
Issued			2,245,250	0.84
Exercised	(505,000)	0.21	(1,075,000)	0.22
Expired				
Forfeited	(253,500)	0.94	(318,250)	0.71
Outstanding at end of year	5,128,500	\$0.69	5,887,000	\$0.66
Options exercisable at end of year	3,580,125	\$0.61	4,303,000	\$0.58

Compensation cost for the period of \$155,699 (2007 - \$13,744) was recorded as stock-based compensation expense. As these were non-cash transactions, they are not reflected in the consolidated statement of cash flows.

The following table summarizes share options outstanding:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.15 to \$0.23	115,000	1.48	0.23
\$0.24 to \$0.36	1,205,000	4.07	0.32
\$0.37 to \$0.56	150,000	2.52	0.48
\$0.57 to \$0.80	600,000	1.90	0.60
\$0.81 to \$1.00	3,058,500	3.64	0.88
Total	5,128,500	3.46	\$0.69

7. CONTRIBUTED SURPLUS

	March 31, 2008	December 31, 2007
Balance, beginning of period	\$ 6,027,826	\$ 2,363,677
Stock based compensation	64,999	204,511
Agent's warrants issued	-	275,270
Agent's warrants exercised	-	(24,930)
Purchase warrants issued	-	3,209,298
Purchase warrants exercised	-	-
	\$ 6,092,825	\$ 6,027,826

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2008



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8. RELATED PARTY TRANSACTIONS

- a. Ascenta Capital received \$15,000 for investor relations services and \$6,398 for advertising and promotions expenses; a director of the Company is a principal of Ascenta Capital. MacPherson Leslie & Tyerman, LLP received \$240 for corporate legal counsel; a director of the Company is a partner in the law firm.
- b. Directors of the Company were reimbursed for travel expenses amounting to \$5,023.
- c. Employee advances to an officer of the Company in the amount of \$10,700 are included in accounts receivable.
- d. Mineral properties and exploration costs include \$3,226 paid to a director during the period for consulting work and expenses on the properties and \$67,317 paid to MacPherson Leslie & Tyerman, LLP for legal counsel in connection with the properties.
- e. Employee advances to two officers of the Company's subsidiary, MRL Gold Phils Inc., amounting to \$6,701 are included in accounts receivable. A director of the subsidiary was paid \$605 for consulting services.
- f. Three officers of the Company and the Company's subsidiary exercised a total of 505,000 stock options in February and March, 2008.

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. SEGMENTED INFORMATION

The Company carries out 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, Alberta.

Geographical information is as follows:

	<u>As at March 31, 2008</u>		<u>As at December 31, 2007</u>	
	<u>Mineral</u>			
	<u>Properties & Exploration</u>	<u>Property & Equipment</u>	<u>Mineral Properties & Exploration</u>	<u>Property & Equipment</u>
Philippines	\$ 18,251,619	\$ 242,731	\$ 17,569,806	\$ 247,648
Canada	-	42,544	-	39,069
	<u>\$ 18,251,619</u>	<u>\$ 285,275</u>	<u>\$ 17,569,806</u>	<u>\$ 286,717</u>

10. OTHER INFORMATION

Change in non-cash working capital in the consolidated statements of cash flows is comprised of the following:

	<u>Three Months Ended March 31</u>	
<u>Changes in non-cash working capital</u>	<u>2008</u>	<u>2007</u>
Accounts receivable	\$ (4,327)	\$ (24,257)
Prepaid expenses	(39,965)	21,407
Accounts payable and accrued liabilities	9,020	170,405
	<u>\$ (35,272)</u>	<u>\$ 167,555</u>

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2008



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11. FINANCIAL INSTRUMENTS

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

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

The fair value of financial instruments as at March 31, 2008 is summarized as follows:

	Financial assets held for trading	Loans and receivables	Other financial liabilities	Total carrying value
Cash and cash equivalents	\$ 5,805,705	\$ -	\$ -	\$ 5,805,705
Accounts receivable	-	61,389	-	61,389
Accounts payable and accrued liabilities	-	-	935,710	935,710
	<u>\$ 5,805,705</u>	<u>\$ 61,389</u>	<u>\$ 935,710</u>	<u>\$ 6,802,804</u>

Currency Risk: The Company's capital funds are received and maintained in Canadian dollars. Foreign operations are conducted in the Philippines and operating expenditures are primarily made in Philippine pesos. However, a portion of operating materials, supplies, services and equipment purchases are in United States dollars. Accordingly the results of the Company's operations are subject to foreign currency transaction risk and translation risk. The fluctuations of the Philippine peso and the United States dollar in relation to the Canadian dollar will consequently have an impact upon the consolidated balance sheets, the statements of loss and deficit and the statements of cash flows. The Company does not hedge its exposure to fluctuations in the related foreign exchange rate.

The following significant exchange rates applied for the three months ended March 31, 2008 and the year ended December 31, 2007:

	Average rate		Spot rate	
	Three months ended	Year ended	Three months ended	Year ended
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
US Dollar	1.0041	1.0740	1.0265	0.9913
Philippine Peso	0.0245	0.0233	0.0244	0.0237

Credit Risk: The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk through maintaining its cash and cash equivalents with high-credit quality financial institutions.

Liquidity Risk: The Company ensures that there is sufficient capital in order to meet short term business requirements after taking into account the Company's holdings of cash and cash equivalents. There is no established source of revenue and all operations have been funded by equity subscriptions.

Interest Rate Risk: With cash and cash equivalents, the Company invests cash at fixed rates of interest and for relatively short terms, usually 90 days or less. This approach achieves a satisfactory return for shareholders. Fluctuations in interest rates therefore impact the value of cash and cash equivalents.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation in the current year.

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2008



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13. CAPITAL DISCLOSURE

The Company manages its capital structure and makes adjustments to it in light of the Company's working capital requirements. In order to maintain or adjust its capital structure, 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.

14. SUBSEQUENT EVENTS

Subsequent to the period, 50,000 stock options were exercised for gross proceeds of \$11,500.

Purchase warrants in the amount of 2,112,859 expired April 6, 2008. Each warrant entitled the holder to purchase one Common share in the Company for \$1.25. A total of 119,548 agents' warrants expired April 6, 2008. Each agent's warrant entitled the holder to purchase one Common share in the Company for \$0.70.

Pursuant to an agreement with Panoro Minerals Ltd. ("Panoro") to purchase the forty percent interest in the Surigao projects previously earned by Panoro under the Surigao Option agreement, the payment due on the first anniversary of the April, 2007 closing of \$500,000 cash and the issue of 500,000 common shares in the Company were completed April 10, 2008. The cash payment of \$500,000 is included in accounts payable and accrued liabilities as at March 31, 2008. The value of the shares issued, in the amount of \$375,000, is included in shareholders' equity as at March 31, 2008.

On April 2, 2008, MRL Gold Phils., Inc., the Philippine operating subsidiary of the Company, signed a Memorandum of Agreement (MOA) with the Mamanwa and Manobo Tribes and the National Commission on Indigenous Peoples. The MOA will allow the people of the Mamanwa and Manobo Tribes to participate in the Company's future by granting a royalty of one percent of the gross output of any mining project. In addition to the royalty payments, Mindoro has committed to provide skills training, employment opportunities, educational scholarships, and medical and dental services. The MOA also ensures the preservation and development of the community's culture, traditions and institutions, and the protection of burial grounds and sacred places.