

Consolidated Interim Financial Statements of

MINDORO RESOURCES LTD.

June 30, 2002



MINDORO RESOURCES LTD.

Suite 103, 10471 – 178 St.
Edmonton, AB Canada T5S 1R5

Tel: (1-780) 413-8187
Fax: (1-780) 426-2716
Email: mindoro@mindoro.com
Website: <http://www.mindoro.com>

Mindoro trades on the TSX Venture Exchange under the symbol MIO



MINDORO RESOURCES LTD.
Management's Discussion and Analysis
Six Months Ended June 30, 2002 (Unaudited)

OVERVIEW

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 and gold-copper properties in Asia. There is no commercial production from any mineral property in which Mindoro has an interest. There is no established source of revenue and the Company presently operates at a loss. All operations have been funded by equity subscriptions. Revenue for the current period was derived from interest income. All project expenditures are capitalized in deferred exploration where, upon development of an operating mine, these expenses can be recovered against income from operations. If the Company chooses to discontinue exploration activities on a particular property then the to-date expenses are written off against income.

OPERATING RESULTS

Interest income for the six months ended June 30, 2002, was \$658, down from \$4,384 for the six months ended June 30, 2001. The net loss for the period of \$11,757 was significantly lower than the net loss of \$81,501 for the same period in 2001. This is primarily attributable to a \$95,000 gain the Company recorded pursuant to settling an outstanding compensation liability by issuing 205,000 stock options. Foreign exchange loss was also considerably less, at \$1,927 for the period, reduced from \$19,405 in 2001.

General and administrative expenses increased approximately 41% with significant increases in Advertising and Promotion, at \$11,862 as of June 30, 2002 compared to \$2,856 in 2001, related mainly to production of the Company's annual report; and Travel expenses of \$15,077 compared to \$1,958 for the same period in 2001.

During 2001, the Company decided not to continue operations on the Tiris Project in Indonesia and the associated deferred exploration was written down. On June 6, 2002, the Company announced it had negotiated the sale of the Tiris Project and its Malaysian and Indonesian holding companies to Asian Minerals Pty Ltd. ("Asian"). Pursuant to the terms of the Agreement, Asian reimbursed Mindoro US\$20,000 against its security deposit lodged with the Indonesian Department of Mines. Mindoro will retain a 0.5% net smelter royalty on the first 500,000 ounces of gold production, 1% on the next 500,000 ounces, and 1.5% on all subsequent production. A \$14,327 loss was recorded to Disposal of Properties during the period as a result of the sale of the Tiris Project.

LIQUIDITY AND CASH RESERVES

The Company continues to rely on the raising of capital in order to fund its ongoing operations. The Cash and Short Term Investments were \$38,310 as at June 30, 2002. The Accounts Payable was reduced significantly with the settlement of the \$95,000 compensation liability. \$6,811 is owed to one director of the Company for consulting services provided.

In the first six months on 2002, the net amount of \$90,051 was expended on Investing Activities, with \$87,621 spent on Exploration Activities in the Philippines. Total amount expended on existing properties as at June 30, 2002, is \$2,214,898. The Company received \$30,000 during the period for share subscriptions related to a private placement that closed subsequent to the period.

SUBSEQUENT EVENTS

On July 10 the Company issued 1,500,000 units at a price of \$0.10 per unit. Each unit consisted of one common share and one non-transferable common share purchase warrant. One purchase warrant entitles the holder to purchase one additional common share during the first year for \$0.15 and during the second year for \$0.30. Net proceeds were allocated to general working capital.

On July 10, 2002, the Company entered into an agreement with Wolverton Securities Ltd., whereby Wolverton agreed to act as Mindoro's agent in an offering of 3,000,000 units at \$0.11 per unit, on a best efforts basis. Units are offered under the TSX Venture Exchange Short Form Offering Policy (the "Financing"). Units consist of one common share and one common share purchase warrant with each warrant entitling the holder to purchase one additional common share during the first year for \$0.15 and during the second year for \$0.30. Net proceeds will be used for advancing Mindoro's projects in the Philippines and for general working capital. Wolverton will receive a commission of 10% of the gross proceeds of the Financing and Brokers Warrants equal to 10% of the shares issued in the Financing, exercisable at \$0.11 for two years. The Financing is expected to close on or before September 23, 2002.

AurionGold Limited (formerly Delta Gold) notified Mindoro in July that it is withdrawing from the Pan de Azucar Project joint venture. AurionGold has been the target of an unsolicited takeover bid since May 2002. With AurionGold's withdrawal, Mindoro reverts to its original 75% earning entitlement. Mindoro management views this as an excellent opportunity in a project that has had substantial value added to it under the joint venture. 1,100 meters of drilling in late 2001, financed by AurionGold, discovered a massive sulphide deposit, with associated copper, gold, silver and zinc mineralization at shallow depths on the Valderama Deposit. Subject to completion of the Financing, Mindoro plans to continue drilling in the fall of 2002 with the objective of defining a resource.

OUTLOOK

During the quarter, a resource calculation was commissioned for low-grade, but extensive, near-surface oxide gold/silver mineralization intersected by drilling carried out by Australian and Canadian exploration companies on the Kay Tanda Prospect in the 1980's and 1990's. The prospect is one of several on the highly mineralized Archangel Project in the Philippines. Although the main target is the Balibago Porphyry Copper-Gold Prospect, the Kay Tanda mineralization may offer early potential for a low-cost, heap-leach operation. The resource evaluation will be performed by an independent consulting geologist, Dr. D. Bailey of Vancouver, BC. If justified by results, further work would consist of in-fill and extension drilling, and metallurgical test work.

A reconnaissance mapping and sampling program was carried out on the Lobo Project to evaluate the extent of the copper-gold-silver mineralized vein system that was mined on a limited scale in the 1960's. Rock sampling was also carried out to provide information on distribution of mineralization. Results will be released in early September.

The Company was pleased to announce the appointment of Mr. Oscar Reyes to Board of Directors in June. Mr. Reyes was previously Chairman and Chief Executive of Shell Oil in the Philippines, and is currently Managing Director of Shell Exploration B.V. He holds directorships in a number of major Philippine companies, including the Shell Companies of the Philippines. Under Mr. Reyes's leadership, the large offshore Malampaya oil and gas project was recently brought into production. Mr. Reyes's appointment will be of considerable value as Mindoro seeks to advance its projects in the Philippines.

Although the Company's financial future is contingent on new investment, we look forward to the future with great optimism. A resurgence of interest in the gold market is opening doors to new financing and joint venture opportunities. Mindoro continues to advance and add value to an exceptional portfolio of properties.

MINDORO RESOURCES LTD.
Consolidated Balance Sheets



	June 30 2002	December 31 2001
ASSETS		
CURRENT		
Cash and short-term investments	\$ 38,310	\$ 177,448
Accounts receivable	33,827	37,127
Prepaid expenses	40,305	34,012
Security deposits	-	39,815
	112,442	288,402
SECURITY DEPOSITS	-	-
DEFERRED EXPLORATION COSTS (Note 2)	2,214,898	2,127,277
CAPITAL ASSETS (Note 3)	24,355	26,709
	\$ 2,351,695	\$ 2,442,388
LIABILITIES		
CURRENT		
Accounts payable and accrued charges (Note 4)	\$ 36,773	\$ 145,709
Deposits Held for Private Placement	30,000	-
	66,773	145,709
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	7,873,227	7,873,227
Deficit	(5,588,305)	(5,576,548)
	2,284,922	2,296,679
	\$ 2,351,695	\$ 2,442,388

MINDORO RESOURCES LTD.
Consolidated Statements of Cash Flow



	Quarter Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net (loss) earnings	\$ 48,769	\$ (51,411)	\$ (11,757)	\$ (81,501)
Items not affecting cash				
Depreciation and amortization	2,437	2,844	4,784	5,653
Write-down of exploration expenditures	-	-	-	-
Foreign exchange (gain) loss	(18,001)	16,207	1,927	19,406
Disposal of properties (gain) loss	14,327	-	14,327	-
Settlement of liabilities (gain) loss	(95,000)	-	(95,000)	-
	(47,469)	(32,360)	(85,720)	(56,442)
Changes in non-cash working capital	(38,365)	(56,287)	(72,114)	(91,507)
	(85,834)	(88,647)	(157,834)	(147,949)
INVESTING				
Expenditures on mineral properties, net of recoveries	(71,565)	(60,461)	(87,621)	(86,710)
Security deposits	-	-	-	38,232
Capital asset purchases	(1,190)	-	(2,430)	(485)
	(72,755)	(60,461)	(90,051)	(48,963)
FINANCING				
Deposits held for private placement	30,000	-	30,000	-
Issue of common shares	-	59,050	-	171,183
	30,000	59,050	30,000	171,183
FOREIGN EXCHANGE (GAIN) LOSS	18,001	(16,207)	(1,927)	(19,405)
	(14,327)	-	(14,327)	-
	95,000	-	95,000	-
	(29,914)	(106,265)	(139,138)	(45,135)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	68,224	204,516	177,448	143,386
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	\$ 38,310	\$ 98,251	\$ 38,310	\$ 98,251

Supplemental disclosure with respect to cash flows (Note 6)

MINDORO RESOURCES LTD.
Consolidated Statements of Loss and Deficit



	Quarter Ended June 30		Six Months Ended June 30	
	2002	2001	2002	2001
REVENUE				
Interest	\$ 206	\$ 2,086	\$ 505	\$ 4,384
EXPENSES				
Administration	658	-	658	607
Advertising and promotion	7,911	1,277	11,862	2,856
Communications	1,409	840	2,377	2,175
Conferences and trade shows	-	-	2,271	-
Consulting and professional fees	578	4,749	1,682	4,749
Listing fees and shareholder communications	5,456	7,169	8,225	8,860
Office, postage and sundry	5,568	2,713	9,809	5,516
Printing	918	2,526	2,031	2,735
Rent	3,303	2,037	6,780	5,532
Salaries and benefits	11,882	11,891	25,452	25,839
Travel	9,991	1,243	15,077	1,958
	47,675	34,445	86,225	60,827
LOSS BEFORE OTHER CHARGES	47,469	32,359	85,720	56,443
OTHER CHARGES (INCOME)				
Depreciation and amortization	2,436	2,844	4,784	5,653
Foreign exchange (gain) loss	(18,001)	16,207	1,927	19,405
Loss (Gain) on disposal of properties	14,327	-	14,327	-
Loss (Gain) on settlement of liabilities	(95,000)	-	(95,000)	-
	(96,238)	19,051	(73,963)	25,058
NET LOSS	(48,769)	51,411	11,757	81,501
DEFICIT, BEGINNING OF PERIOD	5,637,074	4,411,038	5,576,548	4,380,948
DEFICIT, END OF PERIOD	\$ 5,588,305	\$ 4,462,449	\$ 5,588,305	\$ 4,462,449
BASIC AND DILUTED (GAIN) LOSS PER SHARE	\$ (0.002)	\$ 0.003	\$ 0.001	\$ 0.004
	20,467,529	18,907,080	20,467,529	18,591,629

MINDORO RESOURCES LTD.
Notes to the Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2002



1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, following the same accounting policies and methods of computation as the most recent annual audited financial statements as at December 31, 2001. These interim financial statements should be read together with the Company's most recent annual audited financial statements.

Stock-Based Compensation

No compensation expense is recognized when stock options are issued to employees, directors and consultants of the Company. Any consideration received on exercise of stock options or purchase of stock is credited to share capital.

2. DEFERRED EXPLORATION COSTS

Project	Opening	Expenditures	Write-Down	Closing
Agata	\$ 1,001,615	\$ 10,323	\$ -	\$ 1,011,938
Tapian	441,080	2,534		443,614
Pan de Azucar	346,823	71,269		418,091
Other	337,759	3,495		341,254
	\$ 2,127,277	\$ 87,621	\$ -	\$ 2,214,898

3. CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value
Office furnishings	\$ 19,574	# \$ 13,807	\$ 5,767
Office equipment	9,650	6,992	2,658
Computer software	37,830	31,444	6,386
Computer hardware	44,777	35,945	8,833
Leasehold improvements	16,517	15,806	712
	\$ 128,348	\$ 103,993	\$ 24,355

4. RELATED PARTY TRANSACTIONS

Included in Accounts Payable is \$6,811 due to a director of the Company for consulting services provided.

MINDORO RESOURCES LTD.
Notes to the Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2002



5. SHARE CAPITAL

Authorized

Unlimited number of common shares

Unlimited number of preferred shares

	<u>Number</u>	<u>Amount</u>
Issued		
Common shares		
Balance, beginning of period	20,467,529	\$ 7,873,227
Issued		-
Balance, end of period	20,467,529	\$ 7,873,227
Common share purchase warrants		
Balance, beginning of period	2,453,436	-
Issued	-	-
Exercised	-	-
Expired	-	-
Balance, end of period	2,453,436	-

1,881,163 common share purchase warrants may be converted into common stock at \$0.30 per share until January 16, 2003, at which time they expire. 572,273 common share purchase warrants may be converted into common stock at \$0.20 per share prior to August 1, 2002; \$0.30 per share prior to August 1, 2003; \$0.50 per share prior to August 1, 2004 and \$1.00 per share prior to August 01, 2005 at which time they expire.

On July 10, 2002, the Company completed the sale of 1,500,000 units at \$0.10 per unit. Pursuant to the sale of the units, 1,500,000 common shares and 1,500,000 purchase warrants were issued. The purchase warrants may be converted into common stock at \$0.15 per share prior to July 10, 2003, and at \$0.30 per share prior to July 10, 2004, at which time they expire. Common shares are subject to a hold period, which expires November 10, 2002.

Incentive Share Options

	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>
Outstanding at beginning of period	1,839,000	\$0.32
Granted	840,000	\$0.13
Forfeited	(635,000)	\$0.54
Outstanding at end of period	2,044,000	\$0.17
Options exercisable at end of period	2,044,000	\$0.17



5. SHARE CAPITAL (continued)

The following table summarizes information about share options outstanding at June 30, 2002:

Range of Exercise Prices	Number <u>Outstanding</u>	Remaining Contractual Life (Years)	Average Exercise Price
\$0.10 to \$0.14	1,300,000	4.63	\$0.12
\$0.15 to \$0.23	374,000	2.98	\$0.20
\$0.24 to \$0.36	370,000	0.61	\$0.31

During the period, the following share options were issued:

<u>Optionee</u>	<u>Date Issued</u>	<u>Date Expires</u>	<u>Options Issued</u>
J.A. Climie	May 28, 2002	May 28, 2007	320,000
P. Gould	May 28, 2002	May 28, 2007	150,000
G. Kirchner	May 28, 2002	May 28, 2007	90,000
R. Morton	May 28, 2002	May 28, 2007	90,000
O. Reyes	May 28, 2002	May 28, 2007	100,000
N.R. Toreson	May 28, 2002	May 28, 2007	90,000

6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

- a) \$30,000 was received for share subscriptions relating to a private placement for which shares were subsequently issued in July.
- b) The Company issued 205,000 share options to two of the Companies officers in satisfaction of a \$95,000 compensation debt. These share options are included in the options reported under Note 5.

7. DIRECTORS AND OFFICERS

Roger D. Morton, Ph.D., P.Geol.	<i>Chairman, Director</i>
James A. Climie, B.Sc.(Hons.), P.Geol.	<i>President, CEO, Director</i>
Gerhard F. Kirchner, Ph.D., P.Eng.	<i>Director</i>
Oscar S. Reyes, B.A., MBA	<i>Director</i>
N. Reid Toreson, B.Comm.	<i>Director</i>
Penny M. Gould, B.Ed.	<i>Executive Vice President, Corporate Secretary</i>