

*Consolidated Interim Financial Statements of*

**MINDORO RESOURCES LTD.**

*September 30, 2003*



**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](mailto: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

Nine months ended September 30, 2003

---

---

*The following discussion should be read in conjunction with the accompanying financial statements and related notes.*

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

### OPERATING RESULTS

Interest income for the first nine months of the year was \$79, down from \$548 for the first nine months ended September 30, 2002. Net loss of \$201,035 was higher than the net loss of \$147,560 for the same period in 2002, due primarily to the increased field activity this year leading to higher general and administrative expenses. Foreign exchange loss of \$23,884 was also up, compared to \$2,155 in 2002, partially a result of the strong Canadian dollar against the Philippine peso. Significantly increased marketing and promotions activities, as well as more active field programs during the period, resulted in correspondingly higher general and administrative expenses, at \$177,229 compared to \$131,626 for the same period in 2002.

### LIQUIDITY AND CASH RESERVES

The Company continues to rely on raising capital in order to fund its ongoing operations. As of September 30, 2003, cash and short term investments was \$423,736, although purchase warrants exercised on October 4, 2003, resulted in additional gross proceeds to the Company of \$57,450. Accounts payable and accrued charges of \$102,920, as of September 30, 2003, were down from \$147,374 as of December 31, 2002. Included in the September 30, 2003, liability is a \$70,417 compensation debt owed to two officers, plus \$21,102 accrued vacation pay. On July 9, 2003, the Company issued 272,726 Common shares in satisfaction of a \$95,000 liability from 2002.

During the period, the net amount of \$332,790 was expended on Investing Activities, with \$327,034 spent on Exploration Activities in the Philippines. Total amount of deferred exploration on existing properties as at September 30, 2003, is \$2,750,296.

\$163,575, net of issue costs, was raised from one Private Placement during the first nine months. The Company issued 1,100,000 Units at a price of \$0.15 per unit. Each Unit consisted of one Common share and one-half of a Common share purchase warrant. Each whole warrant is exercisable into one Common share at a price of \$0.30 until March 27, 2004, and, thereafter, at \$0.50 until March 27, 2005, at which time they expire. Common shares were subject to a hold period which expired July 27, 2003. 3,397,680 purchase warrants, priced at \$0.30, \$0.15 and \$0.11 per share, were exercised during the period, for net proceeds of \$513,199; and 138,000 stock options were exercised for an additional net \$22,815.

On April 11, 2003, 500,000 Common shares were to Egerton Gold Phils Inc., pursuant to a Letter Agreement dated October 23, 2000, whereby Mindoro has the right to earn up to an undivided 75% working interest in the Lobo and Archangel projects in the Philippines.

In late 2002, Mindoro reached an innovative agreement (the "Agreement") with East West Drilling Limited of Australia ("East West") whereby East West may earn up to 600,000 shares by completing 1,000 meters (m) of core drilling and Mindoro will pay for mobilization and certain support costs, such as fuel and additives. Drilling was completed on Mindoro's Lobo Project in late September, 2003, and Mindoro will be issuing the requisite shares to East West. East West has exercised its option under the Agreement to enter into a second, identical drill-for-equity agreement and Phase II drilling on Lobo is currently underway.

### OUTLOOK

#### LOBO PROJECT

Lobo is an extensively mineralized project and, to date, approximately 7 km of epithermal vein breccia trends have been identified at surface. Two major trends, Sampson and Camo, have been traced over approximately 2 km each. It is likely that more trends exist but are obscured at surface.

## SW Breccia Zone

Drilling in 2003 focused on the Camo Trend within the SW Breccia Zone. **Mindoro management was very encouraged with the results of the Phase I drill program**, which consisted of 1,000 m drilled in 13 holes over 175 m of strike length. Highlights for holes LB-01 to LB-13 are summarized in the table below:

Drillhole	From m	To m	Interval m	Gold g/t
LB-01	8.20	9.10	0.90	2.84
LB-02	-	-	-	-
LB-03	0.00	13.30	13.30	8.32
Including	0.00	9.40	9.40	10.23
LB-04	0.50	17.85	17.35	9.62
Including	13.30	16.15	2.85	23.56
LB-05	0.00	6.00	6.00	3.40
Including	24.5	55.3	30.8	12.22
Including	30.30	38.25	7.25	22.10
LB-06	24.00	32.30	8.30	6.28
Including	29.60	32.30	2.70	15.63
LB-07	65.25	78.30	13.05	22.24
Including	69.70	76.05	6.35	35.98
LB-08	30.40	33.90	3.50	* 3.12
Including	30.40	32.10	1.70	* 5.24
Including	42.05	52.80	10.75	1.00
Including	50.00	51.20	1.20	2.17
LB-09	34.50	38.60	4.10	* 3.27
Including	36.70	38.60	1.90	* 5.78
LB-10	23.00	26.40	3.40	5.11
LB-11	46.90	50.10	3.20	1.39
LB-12	-	-	-	-
LB-13	96.00	110.00	14.00	1.67
Including	103.50	106.10	2.60	4.67

\*gold equivalent

Note: Gold equivalents are calculated based on US\$ 350/oz for gold, US\$ 5/oz for silver and US\$ 0.80/lb for copper. Gold equivalents do not infer that metal processing economics for gold, silver and copper are the same, but are intended to convey only the approximate relative values of the various metal intercepts assuming a 100% recovery for all metals.

## Weighted average grade of all drill intersections in the table is 9.17 g/t gold

Based on the encouraging results from Phase I, drill contractor East West Drilling exercised its option to complete a second 1,000 m of drilling in exchange for equity in Mindoro, as previously described above.

Phase II drilling commenced in October and results from hole LB-14 were announced in a news release on November 6, 2003. **The first drill hole of Phase II continued to return impressive results**, intersecting the target zone from 47.40 m to 59.45 m with a weighted assay of **15.71 grams per tonne gold over 12.05 m**. Holes LB-15, a 45 degree angle hole drilled grid east, and LB-16, an 80 degree angle hole drilled grid west from the same setup, have been completed. Assay results are pending at the time of writing. Drilling has so far only tested 190 m of the extensive 2 km Camo Trend.

### West Drift

The Philippines Mines and Geoscience Bureau (1984) reported remaining “reserves” from the old Lobo Mine, on the Samson Trend to the north, which was mined in the mid-late sixties, as 90,700 tonnes at a grade of 20.5 g/t gold, or 60,000 contained ounces. Although no records have been located, it is believed the gold resource is in an area referred to as the West Drift. This constitutes a high-priority drill target which is being readied for drilling.

### Other Prospects

Many other interesting prospects remain to be tested on Lobo. For example, at the Far NE Prospect, grab samples contained high grade silver (to 1,792 g/t) and copper (to 8.68%). Also of interest is a cluster of six magnetic anomalies, which may indicate the presence of porphyry copper-gold mineralization, another potential target for future drilling.

## ARCHANGEL PROJECT

The Archangel Project, 5 km southeast of Lobo, is an extensively mineralized project. Current work is focusing on the Kay Tanda Prospect which was drilled by Western Mining Corporation in the 1980’s and Chase Resources in the 1990’s, intersecting significant gold-silver mineralization in most holes. Mindoro is evaluating the Kay Tanda gold prospect for both its **near-surface, open-pit, heap-leach potential** and the potential of **the high-grade gold** intersected in previous drilling.

### Near Surface, Open Pit Potential

An independent resource estimate of Kay the Tanda prospect resulted in an inferred resource estimate of 17,000,000 tonnes at a grade of 0.68 grams per tonne (g/t) and 2.48 g/t silver; equating to **370,000 ounces gold and 1,300,000 ounces silver** (see the January 22, 2003 Technical Report filed on SEDAR). Mineralization appears to be open in several directions and contains higher grade sections that have not yet been evaluated. Thickness and grade appear to increase towards the north-east, extending onto an adjacent tenement previously belonging to Philex Mining Corporation (“Philex”). **This ground, subsequently acquired by Mindoro from Philex, greatly expands the potential to increase the Kay Tanda resource.**

Metallurgical testing is currently underway on old Chase Resources drill cuttings to determine if the Kay Tanda resource is amenable to low-cost, open pit, heap-leach or dump-leach processing (see news release of November 20, 2003). If positive, the inferred resource will be extended by additional drilling.

Mindoro management notes that Glamis Gold Ltd. is processing low-grade gold ores comparable to grades seen at Kay Tanda. For example, the San Martin Mine, Honduras, with proven and probable resources/reserves of 34.9 million tonnes at 0.86 g/t gold (968,000 contained ounces), is a very successful mine with a total cash cost of US\$106 per ounce of production. Glamis is also planning to put into production the Imperial Project, California, with measured and indicated resources of 75 million tonnes at 0.58 g/t gold (1,401,000 contained ounces). **Current higher gold prices considerably enhance the economic potential of Kay Tanda.**

### *High-Grade Potential*

Wide-spaced drilling by Chase Resources intersected higher-grade gold mineralization in places, eg. 8.6 g/t gold over 6 m (68 to 74 m) in Hole CA-02, and 7 g/t gold over 2 m (112 to 114 m) in CA-09, more than 200 m away. Little is known about the structural controls of the higher-grade zones, but Mindoro management considers the potential is good for additional higher-grade gold zones.

Initially, a diamond core hole will be drilled to gain structural information. This will be twinned with the Chase Resources reverse circulation hole CA-02 (56 m of 1.31 g/t gold, including the higher-grade intercept noted above), and will be followed by step-out drilling. An IP/resistivity survey is also planned to prioritize drill targets. Geological and geochemical surveys are in progress, to be followed by geophysics and diamond drilling scheduled in December and January, respectively.

### PAN DE AZUCAR PROJECT

Drilling in 2001 and 2002 on Pan de Azucar identified the Valderama epithermal deposit, which is inferred to be related to an adjacent porphyry-copper-gold system. **A shallow drillhole completed on the adjacent Asparin Hill target intersected alteration and copper mineralization characteristic of porphyry copper-gold systems.** A major partner will be sought for future work on Asparin Hill.

### SURIGAO PROJECTS

In September, 2000, the Philex Gold / Anglo American joint venture announced spectacular drill results at their Boyongan prospect in the Surigao Gold District. Subsequent drilling outlined a major porphyry copper-gold deposit. In October, 2003, it was announced that a second major porphyry system, Bayugo had been discovered to the northwest and, possibly, a third porphyry system to the southwest. Driven by the significance of the Boyongan and Bayugo discoveries, the Surigao Gold District is undergoing increasingly intense scrutiny by both exploration companies and producers in their search for new porphyry copper-gold and epithermal gold deposits.

Mindoro's 24,000 hectares of land holdings and applications in the Surigao Gold District encompass the Mat-I, Tapian San Francisco, Tapian Main, and Agata Projects, as well as the more recently acquired Tapian and Agata Extensions. Reconnaissance drilling in 1999 on Agata intersected significant gold mineralization on two prospects with resource potential.

Independent consultant, David G. Bailey, PhD., P.Geo., retained by Panoro Minerals Ltd. to evaluate the Surigao properties (see *Letter of Intent*, below), commented in his report, "Of the (above) properties, the Agata and Tapian San Francisco offer excellent potential for the discovery of copper-gold porphyry deposits and associated high level epithermal precious metal mineralization. Of these two properties, **Tapian San Francisco has the best potential for the discovery of a near-surface copper-gold porphyry...**".

**"Management is optimistic the growing importance of the Surigao Gold District will evolve into significant investment interest for a company as well-positioned as Mindoro."**

A program of detailed alteration mapping, geophysical surveying, and, where warranted, drilling is planned for Agata and Tapian San Francisco in 2004, as recommended by Dr. Bailey in his report.

### *Letter of Intent*

In September, 2003, Mindoro signed a Letter of Intent with Panoro Minerals Ltd., whereby Panoro was granted an Option to earn a 40% interest in Mindoro's Surigao Properties, with the remaining interests being Mindoro 35% and the Philippine Partner 25%. To earn this interest, Panoro has to fund a total of CAD 2 Million in exploration expenditures over a period of 4 Years (\$350,000 in Year 1, \$450,000 in Year 2 and \$600,000 each in Years 3 and 4). Panoro has three months after the date of the Letter of Intent to notify Mindoro that it has obtained financing for at least the first year's expenditure requirements; subsequent to such notification, a Formal Agreement between Mindoro and Panoro will be executed. Mindoro, with its corporate and operational infrastructure in the Philippines in place, will be the operator for at least the first 2 years of the earn-in period.

### PROMISING OUTLOOK

The Company's financial future continues to be dependent on new investment. There are currently 1,631,083 Mindoro purchase warrants outstanding, priced between \$0.11 and \$0.30 which, if exercised at current exercise prices, would have a fully diluted value to the Company of \$562,226 (see Note 5g in the Notes to the Consolidated Interim Financial Statements).

The strong price of gold is continuing to draw investment back into the gold exploration sector. And, while Management does not believe the Company's current share price adequately reflects the strength, depth, and diversity of its prospects, the Philippines is rapidly becoming recognized as an important region for gold and copper-gold discoveries. Mindoro Management believes that these factors, combined with the strength of our projects: **the near-surface high-grade gold potential of Lobo, the open-pit heap leach potential at Archangel, plus a commanding land package in the Surigao Gold District**, will increasingly attract new investment, both in the market and in direct equity and joint venture financing opportunities.

**We are committed to responsible and credible exploration that will ultimately result in economically sustainable discoveries and solid value for our shareholders.**

**Mindoro trades on the TSX Venture Exchange under the symbol MIO**

**MINDORO RESOURCES LTD.**  
**Consolidated Balance Sheets**



	<b>September 30</b>	December 31
	<b>2003</b>	2002
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short-term investments	\$ 423,736	\$ 158,301
Accounts receivable	39,959	27,626
Prepaid expenses	10,646	9,567
Security deposits	-	-
	<b>474,341</b>	195,493
<b>ROYALTY DEPOSITS</b>	<b>25,348</b>	28,086
<b>MINERAL PROPERTIES AND DEFERRED COSTS (Note 2)</b>	<b>2,750,296</b>	2,423,263
<b>PROPERTY AND EQUIPMENT (Note 3)</b>	<b>21,378</b>	19,572
	<b>\$ 3,271,363</b>	\$ 2,666,415
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued charges (Note 4)	\$ 102,920	\$ 147,374
	<b>102,920</b>	147,374
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	9,040,103	8,219,877
Contributed Surplus	147,511	117,300
Deficit	(6,019,171)	(5,818,136)
	<b>3,168,443</b>	2,519,041
	<b>\$ 3,271,363</b>	\$ 2,666,415

**MINDORO RESOURCES LTD.**  
**Consolidated Statements of Loss and Deficit**



	Quarter Ended September 30		Nine Months Ended September 30	
	2003	2002	2003	2002
<b>REVENUE</b>				
Interest	\$ 12	\$ 43	\$ 79	\$ 548
<b>EXPENSES</b>				
Administration	1,341	-	2,011	658
Advertising and promotion	4,845	7,102	20,903	18,964
Communications	1,491	1,095	4,097	3,472
Conferences and trade shows	3,995	-	11,392	2,271
Consulting and professional fees	4,202	2,588	14,551	4,270
Listing fees and shareholder communications	403	4,401	16,103	12,626
Office, postage and sundry	6,885	3,895	18,015	13,704
Printing	115	1,554	8,026	3,585
Rent	2,474	3,973	7,594	10,753
Salaries and benefits	20,428	12,093	64,953	37,545
Travel	1,501	1,525	5,635	16,602
Depreciation and amortization	1,702	2,392	3,951	7,176
	<b>49,384</b>	40,618	<b>177,229</b>	131,626
<b>LOSS BEFORE OTHER CHARGES</b>	<b>49,371</b>	40,575	<b>177,150</b>	131,078
<b>OTHER CHARGES (INCOME)</b>				
Loss on Disposition of Subsidiaries	-	-	0	14,327
Foreign exchange loss	7,836	228	23,884	2,155
	<b>7,836</b>	228	<b>23,884</b>	16,482
<b>NET LOSS</b>	<b>57,208</b>	40,803	<b>201,035</b>	147,560
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>5,961,963</b>	5,683,305	<b>5,818,136</b>	5,576,548
<b>DEFICIT, END OF PERIOD</b>	<b>\$ 6,019,171</b>	\$ 5,724,108	<b>\$ 6,019,171</b>	\$ 5,724,108
<b>BASIC AND DILUTED (GAIN) LOSS PER SHARE</b>	<b>\$ 0.002</b>	\$ 0.002	<b>\$ 0.008</b>	\$ 0.007
<b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>	<b>28,663,491</b>	22,326,527	<b>26,618,866</b>	21,991,221

**MINDORO RESOURCES LTD.**  
**Consolidated Statements of Cash Flow**



	Quarter Ended September 30		Nine Months Ended September 30	
	2003	2002	2003	2002
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES</b>				
<b>OPERATING</b>				
Net loss	\$ (57,208)	\$ (40,803)	\$ (201,035)	\$ (147,560)
Items not affecting cash				
Depreciation and amortization	1,702	2,392	3,951	7,176
Loss on Disposition of Subsidiaries				14,327
	(55,506)	(38,411)	(197,084)	(126,057)
Increase in royalty deposits	711	-	2,738	
Changes in non-cash working capital	(95,514)	(11,836)	(57,866)	11,050
	(150,309)	(50,247)	(252,212)	(115,007)
<b>INVESTING</b>				
Security deposits	-	-	-	-
Expenditures on mineral properties and deferred costs	(110,479)	(33,346)	(327,033)	(120,967)
Acquisition of property and equipment	(2,351)	-	(5,757)	(2,430)
Disposition of Subsidiaries	-	-		(14,327)
	(112,830)	(33,346)	(332,790)	(137,724)
<b>FINANCING</b>				
Deposits held for private placement	-	(30,000)		-
Issue of share capital, net of issuance costs	565,769	335,836	850,437	335,836
	565,769	305,836	850,437	335,836
<b>INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS</b>	<b>302,630</b>	<b>222,243</b>	<b>265,435</b>	<b>83,105</b>
<b>CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD</b>	<b>121,106</b>	<b>38,310</b>	<b>158,301</b>	<b>177,448</b>
<b>CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD</b>	<b>\$ 423,736</b>	<b>\$ 260,553</b>	<b>\$ 423,736</b>	<b>\$ 260,553</b>

**MINDORO RESOURCES LTD.**  
**Notes to the Consolidated Interim Financial Statements**  
For the Nine Months Ended September 30, 2003



**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, 2002. These interim financial statements should be read together with the Company's most recent annual audited financial statements.

**2) DEFERRED EXPLORATION COSTS**

<u>Project</u>	<u>Opening</u>	<u>Expenditures</u>	<u>Write-Down</u>	<u>Closing</u>
Agata	\$ 1,018,398	\$ 13,720	\$ -	\$ <b>1,032,118</b>
Tapian	449,827	7,016		<b>456,843</b>
Pan de Azucar	597,773	(29,850)		<b>567,923</b>
Lobo	24,577	279,886		<b>304,463</b>
Archangel	25,245	54,524		<b>79,769</b>
Other	307,442	1,738		<b>309,180</b>
	\$ 2,423,262	\$ 327,034	\$ -	\$ <b>2,750,296</b>

**3) CAPITAL ASSETS**

	<u>Cost</u>	<u>Depreciation</u>	<u>Value</u>
Office furnishings	\$ 19,574	\$ 15,217	\$ 4,357
Office equipment	10,150	7,679	2,471
Computer software	40,057	33,990	6,067
Computer hardware	47,806	39,324	8,482
	\$ 117,588	\$ 96,210	\$ 21,378

**4) RELATED PARTY TRANSACTIONS**

- a. The Company had a \$70,417 compensation liability and accrued vacation pay in the amount of \$21,102 at the end of the third quarter. A \$95,000 compensation liability from 2002 was satisfied on July 9, 2003 with the issue of 272,729 Common Shares.
- b. On January 13, 2003, the Company issued 61,922 Common shares at a price of \$0.11 per share to a director to settle an outstanding liability of \$6,811 for consulting fees rendered during 2002 (Note 5a).
- c. On March 27, 2003, the Company issued 100,000 units to an officer of the Company pursuant to a Private Placement (Note 5b).



**MINDORO RESOURCES LTD.**  
**Notes to the Consolidated Interim Financial Statements**  
For the Nine Months Ended September 30, 2003



**5) SHARE CAPITAL**

Unlimited number of common shares  
Unlimited number of preferred shares

	<u>Number</u>	<u>Amount</u>
Issued		
Common shares		
Balance, beginning of period	24,503,429	\$ 8,219,878
Issued for services (a)	334,648	65,954
Issued for private placement (b)	1,100,000	163,575
Exercise of warrants (c)	3,397,680	513,199
Exercise of stock options (d)	138,000	22,815
Issued for mineral properties (e)	500,000	54,682
<b>Balance, September 30, 2003</b>	<b>29,973,757</b>	<b>\$ 9,040,103</b>
Common share purchase warrants		
Balance, beginning of period	6,742,926	-
Issued (b)	550,000	-
Exercised (c)	(3,397,680)	-
Expired (f)	(1,881,163)	-
<b>Balance, September 30, 2003</b>	<b>2,014,083</b>	<b>-</b>

- a. On January 13, 2003, the Company issued 61,922 Common shares at a price of \$0.11 per share to a director to settle an outstanding liability for consulting fees rendered during the year 2002 in the amount of \$6,756, net of issuance costs. On July 9, 2003, the Company issued 272,726 Common shares at a price of .22 per share to two officers of the Company to settle an outstanding compensation liability from the year 2002 in the amount of \$59,198 net of issuance costs.
- b. Pursuant to a private placement, the Company issued 1,100,000 units at a price of \$0.15 per Unit for proceeds of \$165,000. Each Unit consisted on one Common share and one-half of a Common share purchase warrant. Each whole warrant is exercisable into one Common share of the Company at a price of \$0.30 until March 27, 2004, and thereafter at \$0.50 until March 27, 2005 at which time they expire.
- c. During the period, an aggregate of 3,397,680 purchase warrants were exercised at \$0.30, \$0.15, and \$0.11 per share for proceeds of \$513,199, net of issue costs.
- d. 138,000 Common shares were issued on June 16, 2003 pursuant to the exercise of 73,000 stock options priced at \$0.225 per share and 65,000 stock options priced at \$0.10 per share, for proceeds of \$22,815 net of issue costs.
- e. The Company issued 500,000 Common shares to Egerton Gold Phils Inc. ("Egerton") on April 11, 2003, pursuant to the terms of a Letter Agreement whereby the Company acquired the right to earn up to an undivided 75% working interest in two mineral properties in the Philippines.
- f. 1,881,163 purchase warrants, exercisable at a price of \$0.30, expired on January 16, 2003.



**5. SHARE CAPITAL (continued)**

g. To follow is a summary of the Company's share purchase warrants:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
282,900	\$ 0.30	September 9, 2004
38,000	\$ 0.30	October 4, 2004
160,810	\$ 0.11	September 9, 2004
42,100	\$ 0.11	October 4, 2004
557,273	\$ 0.50	August 1, 2004
	\$ 1.00	August 1, 2005
550,000	\$ 0.30	March 27, 2004
	\$ 0.50	March 27, 2005
<hr/>		
<u><u>1,631,083</u></u>		

h. On October 4, 2003, 383,000 purchase warrants were exercised at \$0.15 per share, resulting in the issue of 383,000 Common shares.

i. The Company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The following table outlines a summary of the status of the Company's stock options plan:

	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>
Outstanding at beginning of period	<b>1,894,000</b>	<b>\$0.16</b>
Granted	<b>560,000</b>	<b>\$0.15</b>
Exercised	<b>(138,000)</b>	<b>\$0.17</b>
Forfeited	<b>(245,000)</b>	<b>\$0.32</b>
<u>Outstanding at end of period</u>	<u><b>2,071,000</b></u>	<u><b>\$0.14</b></u>
<u>Options exercisable at end of period</u>	<u><b>2,071,000</b></u>	<u><b>\$0.14</b></u>

The following table summarizes share options outstanding at September 30, 2003:

<u>Range of Exercise Prices</u>	<u>Number Outstanding</u>	<u>Remaining Contractual Life (Years)</u>	<u>Weighted Average Exercise Price</u>
\$0.10 to \$0.14	1,235,000	3.40	\$ 0.12
\$0.15 to \$0.23	836,000	3.52	\$ 0.17
	<u>2,071,000</u>	<u>3.45</u>	<u>\$ 0.14</u>



**5. SHARE CAPITAL (continued)**

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	March 3, 2003	March 3, 2007	160,000
P. Gould	March 3, 2003	March 3, 2007	70,000
G. Kirchner	March 3, 2003	March 3, 2007	70,000
R. Morton	March 3, 2003	March 3, 2007	70,000
O. Reyes	March 3, 2003	March 3, 2007	70,000
N.R. Toreson	March 3, 2003	March 3, 2007	70,000
<u>Employees of Subsidiary</u>	<u>March 3, 2003</u>	<u>March 3, 2007</u>	<u>50,000</u>
			<u>560,000</u>

j. Stock-based Compensation

On a pro forma basis, had the company adopted the fair value method of accounting for stock-based compensation, the compensation costs, net loss and net loss per share would have been as follows:

	<u>Quarter Ended</u> <u>September 30</u>		<u>Nine Months Ended</u> <u>September 30</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Stock-based compensation costs	-	-	\$ 78,400	\$ 105,800
<b>Net income (loss)</b>				
As reported	\$ (57,208)	\$ (40,803)	\$ (201,035)	\$ (147,560)
Pro forma	\$ (57,208)	\$ (40,803)	\$ (279,434)	\$ (253,360)
<b>Net loss per share - basic and diluted</b>				
As reported	\$ (0.002)	\$ (0.002)	\$ (0.008)	\$ (0.007)
Pro forma	\$ (0.002)	-	\$ 0.010	-

The estimated fair value of options granted during the period ended September 30, 2003 was calculated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate	5.0%
Expected hold period to exercise	5 years
Expected volatility	150%
Dividend yield per share	Nil
Grant date fair value	\$0.14 per option

All options granted vested immediately.

**MINDORO RESOURCES LTD.**  
**Notes to the Consolidated Interim Financial Statements**  
For the Nine Months Ended September 30, 2003



**6) SUBSEQUENT EVENTS**

- a. 383,000 Common shares were issued on October 4, 2003, pursuant to the exercise of 383,000 Purchase Warrants at a price of \$0.15 per share.
- b. Pursuant to a Drill for Equity Agreement dated October 28, 2002 with East West Drilling Limited (“East West”), the Company will be issuing 600,000 common shares to East West as consideration for drilling services provided during 2003.

**7) COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's presentation.

**8) 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>

**MINDORO RESOURCES LTD.**

Suite 103, 10471 - 178 St., Edmonton, Alberta, Canada T5S 1R5  
Tel: (1-780) 413-8187 Fax: (1-780) 426-2716 Email: [mindoro@mindoro.com](mailto:mindoro@mindoro.com) Website: <http://www.mindoro.com>

*Mindoro trades on the TSX Venture Exchange under the symbol MIO*