Consolidated Interim Financial Statements of

MINDORO RESOURCES LTD.

March 31, 2004

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Mindoro trades on the TSX Venture Exchange under the symbol MIO

MINDORO RESOURCES LTD.
Management's Discussion and Analysis
Three months ended March 31, 2004

This Management Discussion and Analysis for the First Quarterly Report of 2004 should be read in conjunction with the unaudited interim consolidated financial statements for the three month period ended March 31, 2004.

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 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.

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

OVERALL PERFORMANCE

During the first quarter of 2004, the Company continued to advance its projects in the Philippines, achieving excellent results on both the Lobo and Archangel Projects. As drilling nears completion on Lobo's Southwest Breccia prospect, an independent resource estimate has been commissioned and preparations are being made to drill test several strong porphyry copper-gold targets. Assessment of the open-pit heap-leach potential on Archangel's Kay Tanda continues. Preliminary metallurgical tests during the quarter were encouraging, and the company is embarking on further testing. Kay Tanda is just a small part of a much larger gold system covering an area of at least 5 km by 1 km.

The Company continued to work towards finalizing a joint venture agreement with Panoro Minerals Ltd. during the quarter and the formal agreement was signed subsequent to the period, in May 2004. Panoro can earn a 40% interest in Mindoro's projects in the Surigao Gold District by spending $2 million over four years. With the two major Anglo-Philex porphyry copper-gold discoveries in recent years, the Surigao Gold District is set to become one of the most important porphyry copper-gold exploration districts anywhere. Australian junior Red5 also recently announced a porphyry copper-gold discovery close to the boarder of Mindoro's Tapian Extension property.

RESULTS OF OPERATIONS

Interest income for the first quarter of 2004 was just $2, compared to $1,251 in 2003. Net loss for the period was $411,357 compared to $123,136 for the same period of 2003. General and administrative expenses during the quarter increased to $411,357 from $117, 478 in 2003, with the greatest increase occurring in salaries and benefits ($319,308 in 2004 vs. $117,478 in 2003) related to the expensing of stock options issued during the period in the amount of $281,600. Other significant increases occurred in advertising and promotion ($10,998 in 2004 vs. $4,620 in 2003). Increases were generally related to increased investor relations activities and administrative support costs associate with a more active field program. Professional fees, however, were mainly legal costs related to the preparation of agreements for the Company's joint venture with Panoro Minerals Ltd.

LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of March 31, 2004, the Company's cash position was $236,814 slightly down from $296,772 at the end of December, 2003. Accounts receivable and prepaid expenses also dropped slightly, to $55,577 from $61,698 and $7,168 from $13,627, respectively, at the end of December, 2003. Included in accounts receivable is $19,859 related to employee advances which are expected to be charged to deferred exploration upon reconciliation of expenses. Accounts payable increased during the quarter to $173,956 from $146,023 at the end of 2003. Included is a $112,917 compensation liability, of which $91,667 remained outstanding from 2003.

During the period, $118, 134 was expended on investing activities, with $115,695 spent on exploration activities in the Philippines. Total amount of deferred exploration on existing properties as at March 31, 2004, is $3,164,106.

$135,308, net of issue costs, was raised from one private placement and warrants exercised during the first three months. On January 16, 2004, pursuant to a private placement, the Company issued 500,000 units; each unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of $0.60 until January 16, 2005. Common shares were subject to a hold period expiring May 17, 2004. In connection with the private placement, 50,000 agent's options were issued; each option exercisable into units, at a price of $0.30 per unit. Units consist of one common share and one half common share purchase warrant. Each whole purchase warrant entitles the holder to acquire one common share at a price of $0.60 per share. Pursuant to warrants exercised during the quarter, 50,000 common shares were issued, at a price of $0.30 per share.

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2003	Year Ended December 31, 2002	Year Ended December 31, 2001
Interest income	$ 101	$ 552	$ 4,895
Net earnings (loss)	(388,629)	(241,588)	(1,195,600)
Earnings (loss) per share[(1)]	(0.01)	(0.01)	(0.06)
Balance, deferred exploration costs	3,048,411	2,423,263	2,127,277
Total assets	3,457,733	2,666,415	2,442,388

Note:

(1) The number of common shares outstanding during each period for purposes of the loss per share calculation is calculated on the weighted average of outstanding shares in each period.

SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings Gain (Loss)	Earnings Gain (Loss) Per Share	Total Assets
March 31, 2004	$ (418,227)	$ (0.013)	$ 3,503,666
December 31, 2003	(109,195)	(0.004)	3,457,733
September 30, 2003	(57,208)	(0.002)	3,271,363
June 30, 2003	(99,089)	(0.004)	2,867,034
March 31, 2003	(123,136)	(0.005)	2,783,098
December 31, 2002	(189,027)	(0.008)	2,666,415
September 30, 2002	(40,804)	(0.002)	2,621,264
June 30, 2002	(48,769)	(0.002)	2,351,695

CAPITAL RESOURCES

Pursuant to a Memorandum of Agreement ("MOA") effective March 7, 1997 with Minimax Mineral Exploration Corporation, the Company was granted the option to earn up to a 75% working interest in five mineral properties located in the Philippines. Under the terms of the MOA, the Company may earn working interests of 10%, 30% and 35% in each of the properties by completing phases one, two and three, respectively, as follows: (a)

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

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

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

Once a phase expenditure requirement has been met on a property, the Company has the option to enter the next phase of the project by issuing 50,000 and 100,000 Common shares to Minimax for each phase two and phase three entered into, respectively. As at March 31, 2004, the Company has met phase one expenditure requirements on all properties under this agreement, with the exception of Lahuy, and phase two expenditure requirements on the Agata and Pan de Azucar properties by incurring the required minimum eligible expenditures.

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

(i) Phase one - incurring an aggregate of $1,500,000 US in eligible mining expenditures on the mineral properties by December 1, 2005.

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

Pursuant to the terms of the Agreement, the Company issued 500,000 Common shares to Egerton upon receipt of the related exploration permits. Once the phase one expenditure requirement has been met on the properties, the Company has the option to enter into phase two by issuing an additional 500,000 Common shares to Egerton. Upon completion of phase two, the Company must issue an additional 500,000 Common shares to Egerton. At this point, Egerton will have the option to convert its 25% working interest into a 2% 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, and these minimum requirements have been met as at December 31, 2003.

The Company has entered into an Option Agreement with Panoro Minerals Ltd. ("Panoro"), on the Agata, Tapian and Mat-I properties whereby Panoro may earn a 40% working interest in these properties by spending $2,000,000 on the properties over a four-year period ($350,000 in year one; $450,000 in year two; and $600,000 in each of years three and four). Mindoro will be the operator for at least the first two years. Both Mindoro and Panoro may increase their interest to 42.5% at feasibility stage through an interest purchase agreement with Minimax based on future established mining reserves. Mindoro could ultimately hold 42.5% at production, Panoro 42.5% and Minimax 15%. The Company is currently finalizing the Panoro agreement.

Pursuant to an agreement dated October 28, 2002 with East West Drilling Limited ("EWDL"), the Company agreed to issue 600,000 Common shares as consideration for EWDL providing $90,000 worth of drilling services. The drilling services were completed during 2003 and the related Common shares were issued in the first quarter of 2004. EWDL exercised its option to provide additional drilling services for the Company under similar terms. It is expected that EWDL will fulfill its drilling requirements and the related 600,000 Common shares will be issued in the second quarter of 2004.

TRANSACTIONS WITH RELATED PARTIES

The Company had a $112,917 compensation liability at the end of the first quarter, of which $91,667 remained outstanding from 2003. Accrued vacation pay of $23,346 also remained outstanding. A $19,859 receivable at the end of the quarter was related to employee advances which are expected to be charged to deferred exploration upon reconciliation of expenses.

CAPITAL STRUCTURE

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

Issued - Common shares	**Number**
Balance, December 31, 2003	30,356,757
For mineral properties	400,000
For services rendered	600,000
Pursuant to a private placement	500,000
On exercise of purchase warrants	50,000
Balance, March 31, 2004	**31,906,757**
Common share purchase warrants	
Balance, December 31, 2003	1,631,083
Issued with private placement	250,000
Agents' warrants	75,000
Warrants exercised	(50,000)
Balance, March 31, 2004	**1,906,083**
Stock options	
Balance, December 31, 2003	2,046,000
Issued to directors, officers and employees	880,000
Issued to consultants	200,000
Balance, March 31, 2004	**3,126,000**

Additional information relevant to the Company’s activities, including the Company’s Annual Information Form, can be found on SEDAR at www.sedar.com

MINDORO RESOURCES LTD.
Consolidated Balance Sheets

		March 31 2004		December 31 2003
ASSETS				
CURRENT				
Cash and short-term investments	$	236,814	$	296,772
Accounts receivable		55,577		61,698
Prepaid expenses		7,168		13,627
Security deposits		-		-
		299,559		372,097
ROYALTY DEPOSITS		26,318		25,110
MINERAL PROPERITIES AND DEFERRED COSTS (Note 2)		3,164,106		3,048,411
PROPERTY AND EQUIPMENT (Note 3)		13,683		12,115
	$	3,503,666	$	3,457,734
LIABILITIES				
CURRENT				
Accounts payable and accrued charges (Note 4)	$	173,956	$	146,023
		173,956		146,023
SHAREHOLDERS' EQUITY				
Share capital (Note5)		9,427,772		9,292,564
Contributed Surplus		632,706		331,712
Deficit		(6,730,769)		(6,312,565)
		3,329,710		3,311,711
	$	3,503,666	$	3,457,734

MINDORO RESOURCES LTD.
Consolidated Statements of Loss and Deficit

	Three Months Ended March 31, 2004	2003
REVENUE		
Interest	**$ 2**	$ 1,251
EXPENSES		
Administration	**706**	670
Advertising and promotion	**10,998**	4,620
Communications	**1,482**	1,038
Conferences and trade shows	**3,995**	2,402
Consulting and professional fees	**53,229**	1,688
Listing fees and shareholder communications	**5,245**	3,867
Office, postage and sundry	**10,320**	4,964
Printing	**543**	859
Rent	**2,574**	2,474
Salaries and benefits	**319,308**	90,628
Travel	**2,086**	2,152
Depreciation and amortization	**872**	2,116
	411,357	117,478
LOSS BEFORE OTHER CHARGES	**411,356**	116,227
OTHER CHARGES (INCOME)		
Foreign exchange loss	**6,872**	6,910
	6,872	6,910
NET LOSS	**418,227**	123,136
DEFICIT, BEGINNING OF PERIOD PREVIOUSLY STATED	**6,128,365**	5,818,135
RESTATEMENT ON CHANGE IN ACCOUNTING POLICY	**184,200**	105,800
DEFICIT BEGINNING OF PERIOD RESTATED	**6,312,565**	5,923,935
DEFICIT, END OF PERIOD	**$ 6,730,792**	$ 6,047,071
BASIC AND DILUTED (GAIN) LOSS PER SHARE	**$ 0.013**	$ 0.005
WEIGHTED AVERAGE SHARES OUTSTANDING	**31,775,646**	25,665,351

MINDORO RESOURCES LTD.
Consolidated Statements of Cash Flow

	Three Months Ended March 31	
	2004	2003
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net loss	**$ (418,227)**	$ (44,737)
Items not affecting cash		
Depreciation and amortization	**872**	2,116
	(417,355)	(42,621)
Increase in royalty deposits	**(1,208)**	1,244
Changes in non-cash working capital	**40,513**	(15,641)
	(378,050)	(57,018)
INVESTING		
Security deposits	**-**	-
Expenditures on mineral properties and deferred costs	**(115,695)**	(48,808)
Acquisition of property and equipment	**(2,439)**	(2,598)
	(118,134)	(51,406)
FINANCING		
Issue of share capital, net of issuance costs	**436,203**	170,332
	436,226	170,332
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	**(59,958)**	61,908
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	**296,772**	158,301
CASH AND SHORT-TERM INVESTMENTS, END OF PRIOD	**$ 236,814**	$ 220,209

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, 2003. These interim financial statements should be read together with the Company's most recent annual audited financial statements.

Stock-Based Compensation

Effective January 1, 2004, the Corporation elected to retroactively adopt recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for all stock options issued at fair value.

Under the transitional provisions of the standard, the Corporation has elected to apply the amended standard retroactively, with restatement, to all stock options issued after the effective date of implementation, being January 1, 2004.

The effects of the change in policy for stock-based compensation for the year ended December 31, 2003 and the quarter ended March 31, 2003 are as follows:

	December 31, 2003	**March 31, 2003**
Increase in contributed surplus	$184,200	
Increase in deficit	$184,200	$105,800
Increase in stock based compensation		$ 78,400

2. DEFERRED EXPLORATION COSTS

Project	Opening	Expenditures	Write-Down	**Closing**
Agata	$ 1,133,833	$ 5,551	$ -	**$ 1,139,384**
Tapian	562,899	12,877		**575,776**
Lahuy	103,361			**103,361**
Mat-I	27,000			**27,000**
Pan de Azucar	665,454	4,013		**669,467**
Lobo	464,526	69,014		**533,540**
Archangel	91,338	24,240		**115,578**
	$ 3,048,411	$ 115,695	$ -	$ 3,164,106

3. CAPITAL ASSETS

	Cost	**Accumulated Depreciation**	**Net Book Value**
Office furnishings	**$ 19,574**	**$ 15,679**	**$ 3,895**
Office equipment	**10,150**	**9,180**	**970**
Computer software	**41,426**	**38,426**	**3,000**
Computer hardware	**49,267**	**43,449**	**5,818**
Leasehold improvements	**16,517**	**16,517**	**-**
	$ 136,934	**$ 123,251**	**$ 13,683**

4. RELATED PARTY TRANSACTIONS

The Company had a $112,917 compensation liability at the end of the first quarter, of which $91,667 remained outstanding from 2003. Accrued vacation pay of $23,346 also remained outstanding. A $19,859 receivable at the end of the quarter was related to employee advances which are expected to be charged to deferred exploration upon reconciliation of expenses.

5. SHARE CAPITAL

Authorized
Unlimited number of common shares
Unlimited number of preferred shares

	Number		Amount
Issued			
Common shares			
Balance, beginning of period	**31,356,757**	**$**	**9,292,564**
Issued (a)	**500,000**		**120,293**
Issued upon exercise of warrants (c)	**50,000**		**14,915**
Balance, end of period	**31,906,757**	**$**	**9,427,772**
Common share purchase warrants			
Balance, beginning of period	**1,631,083**		**-**
Issued (a)	**250,000**		**-**
Issued agent's warrants (b)	**75,000**		
Exercised (c)	**(50,000)**		**-**
Expired	**-**		**-**
Balance, end of period	**1,906,083**		**-**

a. On January 16, 2004, pursuant to a private placement, the Company issued 500,000 units for gross proceeds of $150,000. Units consisted of one Common share and one half Common share purchase warrants. Each whole warrant entitles the holder to purchase one additional Common share at a price of $0.60 until January 16, 2005, after which time any unexercised purchase warrants will expire.

b. On January 16, 2004, the company issued 50,000 Agent's Options exercisable into units, at aprice of $0.30 per unit, consisting of one Comshare and one-half Common share purchase warrant. Each whole purchase warrant entitles the holder to acquire one Common share at a price of $0.60 per share.

c. On March 27, 2004, 50,000 Common shares were issued upon exercise of purchase warrants at a priceof $0.30 per share.

Incentive Share Options

	Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	**2,046,000**	**$0.32**
Issued to directors, officers and employees	**880,000**	**$0.36**
Issued to consultants	**200,000**	**$0.32**
Outstanding at end of period	**3,126,000**	**$0.33**
Options exercisable at end of period	**3,126,000**	**$0.33**

5. SHARE CAPITAL (continued)

The following table summarizes share options outstanding at September 30, 2002:

Range of Exercise Prices	Number Outstanding	Remaining Contractual Life (Years)	Average Exercise Price
$0.10 to $0.14	1,235,000	2.9	$0.12
$0.15 to $0.23	811,000	2.99	$0.17
$0.24 to $0.36	1,080,000	8.4	$0.35
Total	3,126,000		

During the period, the following share options were issued:

Optionee	Date Issued	Date Expires	Options Issued
J.A. Climie	Feb. 11, 2004	Feb. 11, 2014	250,000
P. Gould	Feb. 11, 2004	Feb. 11, 2014	150,000
G. Kirchner	Feb. 11, 2004	Feb. 11, 2014	100,000
R. Morton	Feb. 11, 2004	Feb. 11, 2014	100,000
O. Reyes	Feb. 11, 2004	Feb. 11, 2014	100,000
N.R. Toreson	Feb. 11, 2004	Feb. 11, 2014	100,000
Officer of subsidiary	Feb. 11, 2004	Feb. 11, 2014	50,000
Employees of subsidiary	Feb. 11, 2004	Feb. 11, 2014	30,000
Consultant	Mar. 4, 2004	Mar. 4, 2006	200,000
			1,080,000

6. CONTRIBUTED SURPLUS

Balance, December 31, 2003 previously reported	$	147,512
Adjustment for change in accounting policy (see note 1)	$	184,200
Balance, December 31, 2003 restated	$	331,712
Stock based compensation contributed	$	291,600
Agent's options contributed	$	9,394
Balance, March 31, 2004	$	632,706

7. DIRECTORS AND OFFICERS

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