MINDORO
RESOURCES LTD

Consolidated Interim Financial Statements
(Unaudited)

June 30, 2005

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

MINDORO RESOURCES LTD.
Management's Discussion and Analysis
Six months ended June 30, 2005

MINDORO
RESOURCES LTD

This Management Discussion and Analysis for the six months ended June 30, 2005 should be read in conjunction with the unaudited interim consolidated financial statemenst and the audited annual financial statements.

NATURE OF THE BUSINESS

Mindoro Resources Ltd. ("Mindoro" or "the Company") is a Canadian-based mineral exploration and development company holding interests in the Philippines. The primary corporate objective is the acquisition, exploration and, when successful, development and production of gold 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.

The following information, prepared as of August 16, 2005, should be read in conjunction with the June 30, 2005 unaudited interim consolidated financial statements and the December 31, 2004 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.

OVERALL PERFORMANCE

Batangas Projects

Lobo

Geophysical surveys at Lobo gave strong indications of at least two buried porphyry copper-gold systems. Drilling on the first of these, the Pica Prospect, commenced in May 2005, with a target depth of approximately 500 meters. Results of the first 280 meters of drilling were announced on June 22, 2005. Six core samples were submitted for petrographic analysis to determine if the alteration and mineralization were consistent with a porphyry copper-gold system, and to help vector subsequent drilling into the center of the system.

The drill hole is interpreted as passing from the near-surface advanced argillic lithocap, and into mixed intermediate argillic and potassic alteration zones. The presence of tremolite/actinolite and K-feldspars represent high temperature alteration immediately above, or beside, the mineralized core potassic zone of a porphyry copper-gold system.

Some technical difficulties, characteristic of drilling in a new geological setting, have slowed progress; however, Mindoro is extremely encouraged by results to date at Pica. The size and intensity of the Pica alteration and mineralization system, and the abundant occurrences of high-sulphidation epithermal mineralization at Lobo, which is an indicator of proximal porphyry copper-gold systems, suggest that Pica could be a well-mineralized porphyry copper-gold system. A second strong geophysical target, Calumpang, is located immediately to the northeast of Pica.

Archangel

Epithermal gold-silver mineralization at Archangel is associated with gold-in-soil anomalies that extend semi-continuously over at least four kilometers by one kilometer. Geological mapping and reconnaissance rock sampling has traced the mineralization a distance of at least two kilometers.

Previous drilling in the 1990s, carried out in a small part of the prospect, intersected low-grade gold mineralization averaging about 0.7 grams per tonne (g/t) in an area of approximately 600 meters by 400 meters. Mineralization is open in several directions. Since the mineralization is near-surface and within the grade ranges being heap-leached elsewhere in the world, Mindoro is carrying out an evaluation of the open-pit, heap-leach potential of the prospect. Preliminary bottle roll metallurgical test work reported on January 14, 2004, was largely positive.

For the second phase test, a 245 kilogram sample was collected from a trench and submitted to Metcon Laboratories in Australia. Head grade was 3.58 g/t gold and 51 g/t silver. The material was crushed to 12.7 mm (0.5 inch). Approximately 20.61 kilograms of material were leached in a column 1.85 meters tall. The material leached exceptionally well, with 87.1 percent extraction of gold after only seven days. This high gold extraction is exceptional and not much less than the 94.4 percent obtained in a CIL test at a grind of 80 percent passing 75 microns.

Highest gold grade and gold extraction were obtained from the coarsest fraction (-50 + 37.5 mm), indicating a coarser grind could be used. A coarse crush size would reduce costs and improve heap agglomeration and percolation. A new test is under way using a coarser crush size.

In conjunction with planned drill-testing of promising porphyry copper-gold targets below the epithermal gold mineralization (see news release dated March 15, 2005), non-oxide samples will be collected for leach testing. The previous bottle roll testing of non-oxide material indicates at least some of the non-oxide material leaches well (see news release dated January 14, 2004). Geological work, to be followed by drilling, is in progress to establish the resource potential of the Archangel gold-silver prospect.

Strong chargeability and resistivity anomalies, outlined semi-continuously over six kilometers, are interpreted as being related to a cluster of porphyry copper-gold systems at Archangel.

As reported on March 5 and May 11, 2005, combined induced polarization and magnetic surveys defined, what appears to be, four separate anomalies. Inverse modeling of data is currently being carried out to more precisely define the anomalies. The anomalies and associated alteration and copper-gold showings are consistent with porphyry copper-gold targets. Some of the resistivity anomalies are believed to reflect epithermal quartz-gold-silver mineralization at shallower depths, which is the subject of ongoing resource evaluation and metallurgical testing.

Reconnaissance geological work and prospecting indicates that the copper-gold mineralized trend at Archangel extends for another four to five kilometers to the northeast. Once the geological work has been completed, the geophysical crew will be re-mobilized to survey this newly-recognized extension.

Surigao Projects

The Surigao Joint Venture holds one of the largest land positions in the Surigao Gold District where there have been several significant porphyry copper-gold discoveries in recent years. The Surigao Joint Venture partners are Mindoro, Minimax Mineral Exploration Corp., a private Philippine company, and Panoro Minerals Ltd., the current funding partner. At production, both Mindoro and Panoro can each have a 42.5 % interest, with Minimax retaining 15%.

Two phases of exploration during the past year have defined seven porphyry copper-gold prospects on the Surigao projects. Phase one results from the major geophysical programs were reported in news releases dated Jan. 8, 2005 and Jan. 18, 2005. The phase two program, aimed at fine-tuning drill targets, was recently completed and five of the prospects, located on the Tapian San Francisco and Agata Project, are now drill-ready. Details of the 2005-2006 field program are being finalized with Mindoro's joint venture partner, with the objective of drilling three to four of the Surigao porphyry copper-gold prospects. Drilling is anticipated to commence on Agata in the next few months.

Agata

IP surveys on Agata defined especially strong and extensive chargeability anomalies, also in a favorable structural setting near the intersection of cross-faults with the Philippine Fault. Porphyry-related vein mineralization was drill-intersected on the Assmicor prospect by Mindoro in 1999. Current work has focused on bringing the Agata North and South porphyry prospects to the drill stage.

Strong and extensive chargeability anomalies were defined at Agata North, with correlating copper-zinc-gold-in-soil anomalies, extensive rock alteration and fracturing, and several copper showings. The stacked anomalies are consistent with a porphyry copper-gold system at depth.

A large and very strong chargeability anomaly, with flanking resisitivity anomalies, was defined at Agata South. Porphyry-related alteration has been mapped near-by. Extensive copper-gold and zinc-in soil anomalies have been defined, as well as copper showings, and abundant epithermal gold prospects, some of which are being actively mined by artisanal miners. These multiple stacked anomalies point strongly to the presence of a porphyry copper-gold system at depth.

Tapian San Fransisco

At Tapian San Francisco, located about eight kilometers from the Boyongan and Bayogo porphyry copper-gold deposits of Anglo-Philex Gold, and in a similar structural setting, a cluster of seven geophysical anomalies were defined over the past year by Induced Polarization (IP) surveys. Of these, two porphyry copper-gold prospects, referred to as C5 and C6, have been brought to the drill stage. Both are reflected by extensive IP chargeability anomalies with capping resistivity anomalies and exhibiting a classic porphyry expression. These are coincident with porphyry-related rock alteration, and copper, gold and zinc-in-soil geochemical anomalies. Copper, gold, zinc and molybdenum mineralization is associated with C6. High-grade copper-gold-silver mineralized vein-breccia diorite boulders are associated with C5 and interpreted as “leakage” from porphyry copper-gold mineralization nearby. Several other prospects at Tapian San Francisco have the potential to be brought to the drill stage over the next year.

The Surigao Joint Venture holds one of the largest land positions in the Surigao Gold District where there have been several significant porphyry copper-gold discoveries in recent years. The Surigao Joint Venture partners are Mindoro, Minimax Mineral Exploration Corp., a private Philippine company, and Panoro Minerals Ltd., the current funding partner. At production, both Mindoro and Panoro can each have a 42.5 % interest, with Minimax retaining 15%.

Tapian Main

The geophysical Induced Polarization survey at Tapian Main defined a strong chargeability anomaly, coincident with intrusives, soil geochemical anomalies and alteration, that extends over an area of 1.4 kilometers by 600 meters and is open ot the south. The clustering of multiple intrusions is typical of horizontal sections above the top of large magma chambers related to porphyry copper-gold systems. The porphyry target is likely deeper that those at Tapian San Francisco. Additional geophysical surveying is required to fully define the anomalies.

Mindoro’s President, Tony Climie, P.Geol., supervises all Mindoro’s field programs and is a “qualified person” as defined by NI43-101.

RESULTS OF OPERATIONS

Interest income of $8,605 was higher in the period than 2004 as the Company’s cash position was significantly greater due to several financing activities in the latter half of 2004. Net loss for the first six months of 2005 in the amount of $535,885 was similar to net loss of $503,613 in the same period of 2004. Stock based compensation expenses, from the issue of stock options, were $160,000 in 2005 compared to $291,600 in the first six months of 2004. Salary expense of $55,779 in the first two quarters was slightly less than the salary expense of $59,007 in the first two quarters of 2004. Consulting and professional fees of $98,503 for the period were higher than the fees of $88,577 in the same period of 2004. The majority of consulting and professional fees were incurred in the second quarter ($67,619 in 2005 compared to $35,348 in the second quarter of 2004) due to higher audit related fees. Increased investor relations and marketing activity in the period resulted in significant increases in certain administration expenses compared to same period of 2004. The following are the more significant increases in expenditures in the first quarter of 2005 compared to the same period of 2004: advertising and promotion expenses of $92,583 in 2005, and $15,723 in 2004; trade show costs of $5,848 in 2005, and $4,722 in 2004; and travel costs of $25,199 in 2005 and $4,531 in 2004.

SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings Gain (Loss)	Earnings Gain (Loss) Per Share	Total Assets
June 30, 2005	$ (189,333)	$ (0.004)	$6,176,171
March 31, 2005	(346,552)	(0.008)	5,537,076
December 31, 2004	(72,341)	(0.002)	5,969,940
September 30, 2004	(224,101)	(0.007)	3,769,857
June 30, 2004	(85,386)	(0.003)	3,564,252
March 31, 2004	(418,227)	(0.013)	3,503,666
December 31, 2003	(82,176)	(0.003)	3,520,898
September 30, 2003	(57,208)	(0.002)	3,271,363

LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of June 30, 2005, Mindoro's cash position was $961,369, down from $1,295,541 as at December 31, 2004, but an increase of $138,385 from the end of the first quarter of 2005 due to receipt of proceeds from exercised purchase warrants. Accounts receivable increased to $159,275 as of June 30, 2005, up from $96,429 as of December 31, 2004 with the increase primarily related to a $68,583 advance made to drilling contractor East West Drilling Limited. Cash calls receivable from our joint venture partner was $214,583 compared to $48,324 as of December 31, 2004, and prepaid expenses decreased to $10,438 from $12,433 at the end of the previous year. Accounts payable and accrued charges of $235,676 as at June 30, 2005, was similar to the balance as at December 31, 2004, of $232,468.

In the first six months of 2005, $580,817 was expended on Investing Activities, with $580,007 spent on Exploration Activities in the Philippines. The total amount of deferred exploration on existing properties as at June 30, 2005 was $4,782,908. During the period, 405,265 purchase warrants and 31,000 stock options were exercised for proceeds of $140,608 and $6,920, respectively, net of issue costs.

CAPITAL RESOURCES

Some of the following commitments are denominated in Philippine Pesos ("PP"). At June 30, 2005, 45.81 PP = $1CDN.

Memorandum of Agreement

Pursuant to a Memorandum of Agreement ("MOA") dated January 19, 1997 with Minimax Mineral Exploration Corporation ("Minimax"), the Company was granted the right to earn options to earn up to a 75% working interest in five mineral properties: Agata, Tapian, Pan de Azucar, Mat-I and Lahuy, located in the Philippines. Under the terms of the MOA, the Company may earn working 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 of 20,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA;

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

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

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

As at June 30, 2005, 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, Tapian and Pan de Azucar properties by incurring the required minimum eligible expenditures. In accordance with the MOA, 750,000 Common shares of the Company have been issued to Minimax to June 30, 2005.

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

(i) Agata - The Company is in Phase three of this project and must incur 15,000,000 PP in eligible mining expenditures before November 1, 2005.

(ii) Tapian - The Company is in Phase three of this project and must incur 15,000,000 PP in eligible mining expenditures before December 20, 2006.

(iii) 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 through extending the exploration period in the exploration permit.

(iv) Mat-I - The Company is in Phase two of this project and must incur 15,000,000 PP in eligible mining expenditures to earn a 40% 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.

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

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

Surigao Option Agreement

Pursuant to the Surigao Option Agreement ("SOA") effective June 21, 2004, Panoro was granted an option to acquire a 40% working interest in each of the Agata, Tapian and Mat-I properties and any extensions on those properties. In order to earn the working 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 on or before June 21, 2005;

(ii) $450,000 on or before June 21, 2006; and

(iii) $600,000 in each of the years ending June 21, 2007 and 2008.

Panoro was granted an additional interest option to earn 2.5% of the additional 10% interest in each of the Agata, Tapian and Mat-I properties by reimbursing the Company 25% of the costs incurred by the Company under the additional interest option at the time the option is exercised. As consideration for the granting of the additional interest option, Panoro is obligated to deliver to the Company 50,000 Common shares of the Company. These 50,000 Company shares were netted against the obligation to issue 100,000 Company shares to Minimax upon entering Phase three of the Tapian project. Thus, 50,000 net shares, previously recorded as Common shares issuable, were issued to Minimax during the second quarter.

If the phase expenditures on the properties are not met, the properties become excluded from the SOA.

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

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

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

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

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

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

On December 8, 2004, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Tapian Agreement") and acquired mineral exploration, development and production rights. On signing the agreement, the Company paid a signing bonus of 1,500,000 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 Common shares of Panoro 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% Net Smelter Royalty on commercial production from the property. In January 2005, pursuant to the terms of the Confirmation Agreement, Panoro elected to include this additional property as part of the Tapian project. As such, it will now be part of the SOA and Panoro will reimburse the Company for the costs of acquiring the property, assume the obligation to deliver the 40,000 Mindoro Common shares and 40,000 Panoro Common shares, and will incur all further obligations under the Bautista-Tapian Agreement until either the Surigao Option Period expires, or the Tapian property becomes an excluded property.

Egerton Agreement

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

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

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

Pursuant to the Agreement, the Company issued 500,000 Common shares to Egerton upon receipt of the related MPSAs on the properties during 2003.

Once the phase one expenditure requirement has been met on these 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 that point, Egerton will have the option to participate at 25% interest at production, or convert to 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. These minimum requirements have been met as at June 30, 2005.

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

TRANSACTIONS WITH RELATED PARTIES

(a) Accounts receivable and advances includes $19,199 due from an officer and director of the Company; and $68,583 advanced to East West Drilling; a director of the Company is also the managing director of East West.

(b) Consulting and professional fees expense includes $6,616 paid to a director of the Company, and $30,000 paid for investor relations to Ascenta Capital; a director of the Company is also a principal of Ascenta. Advertising and promotions expense includes $29,009.06 also paid to Ascenta.

(c) Mineral properties and deferred costs includes $47,308 paid to East West Drilling; $1,698 was also paid to a director of the Company for consulting work on the properties.

CAPITAL STRUCTURE

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

Issued - Common shares	**Number**
Balance, December 31, 2004	44,111,867
Issuable, December 31, 2004	50,000
Issued on exercise of purchase warrants	405,265
Issued pursuant to private placement	2,117,500
Issued upon exercise of stock options	31,000
Balance, March 31, 2005	**46,715,632**
Common share purchase warrants	
Balance, December 31, 2004	13,068,361
Issued on exercise of agent's warrants	355,265
Issued pursuant to private placement	1,058,750
Warrants exercised	(405,265)
Warrants expired	(750,000)
Balance, March 31, 2005	**13,327,111**
Stock options	
Balance, December 31, 2004	2,830,000
Issued	1,215,000
Exercised	(31,000)
Forfeited	(40,000)
Balance, March 31, 2005	**3,974,000**

1) Mindoro had obligations to issue 90,000 Common shares with a stated valued of $24,550 as of December 31, 2004. In 2005, Panoro assumed Mindoro’s obligation to issue 40,000 Company shares as described in item (d) below. No additional entry is necessary upon issue of the remaining 50,000 shares in 2005. To follow is a summary of the share obligations recorded as at December 31, 2004, and issued in 2005 and share obligations as of June 30, 2005:

a) Pursuant to an agreement with Panoro Minerals Ltd., ("the Surigao Option Agreement") Panoro became obligated during 2004 to deliver to the Company 50,000 Common shares of the Company. The expected receipt of these shares was netted against the Company's obligation to issue 100,000 Common shares to Minimax Mineral Exploration, as described below.

b) Pursuant to the Company's Memorandum of Agreement with Minimax, 100,000 Common shares were committed to be issued in 2004 to Minimax as the Company elected to enter into phase three on the Tapian property. These shares were recorded as Common shares issuable as at December 31, 2004, at fair value, on the date the Company exercised the option, of $27,500, less the Common shares deliverable by Panoro Minerals Ltd. at fair value of $13,750, for a net obligation of $13,750.

c) Pursuant to an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Tapian Agreement") the Company was obligated to issue to the property vendor 40,000 Common shares of the Company and 40,000 Common shares of Panoro. The 40,000 Company shares were recorded as issuable at December 31, 2004, at fair value on the date of signing of $10,800. The fair value of the Panoro Common shares on the date of signing of $6,800 was included in accounts payable and accrued liabilities at December 31, 2004.

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

FORWARD LOOKING STATEMENTS

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

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

CONSOLIDATED BALANCE SHEETS

MINDORO RESOURCES LTD

		June 30 2005		December 31 2004
ASSETS				
CURRENT				
Cash and short-term investments	$	**961,369**	$	1,295,541
Accounts receivable		**159,275**		96,429
Prepaid expenses		**10,438**		12,433
Cash call receivable (Note 5)		**214,583**		48,324
		1,345,665		1,452,727
ROYALTY DEPOSITS		**30,098**		28,396
MINERAL PROPERITIES AND DEFERRED COSTS (Note 2)		**4,782,908**		4,202,091
PROPERTY AND EQUIPMENT (Note 3)		**17,499**		13,726
	$	**6,176,171**	$	5,696,940
LIABILITIES				
CURRENT				
Accounts payable and accrued charges (Note 4)	$	**235,676**	$	232,469
		235,676		232,469
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		**12,420,150**		11,627,155
Contributed Surplus		**1,105,685**		886,771
Deficit		**(7,585,340)**		(7,049,455)
		5,940,495		5,464,471
	$	**6,176,171**	$	5,696,940

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

MINDORO RESOURCES LTD

	Quarter Ended June 30		Six Months Ended June 30	
	2005	2004	**2005**	2004
REVENUE				
Interest	**$ 4,453**	$ -	**$ 8,605**	$ 2
EXPENSES				
Administration	**(0)**	(0)	**793**	706
Advertising and promotion	**43,183**	4,725	**92,583**	15,723
Communications	**2,314**	1,507	**3,805**	2,989
Conferences and trade shows	**290**	727	**5,848**	4,722
Consulting and professional fees	**67,619**	35,348	**98,503**	88,577
Listing fees and shareholder communications	**6,269**	6,151	**11,022**	11,396
Office, postage and sundry	**10,656**	8,251	**14,158**	18,571
Printing	**2,940**	3,613	**4,251**	4,156
Rent	**2,714**	2,593	**4,523**	5,167
Salaries and benefits	**27,714**	31,299	**55,779**	59,007
Stock based compensation	**4,875**	-	**160,000**	291,600
Travel	**16,551**	2,445	**25,199**	4,531
Depreciation and amortization	**2,011**	956	**3,073**	1,828
	187,136	97,615	**479,537**	508,973
LOSS BEFORE OTHER CHARGES	**(182,684)**	(97,615)	**(470,933)**	(508,971)
OTHER CHARGES (INCOME)				
Foreign exchange loss	**6,649**	(12,229)	**64,952**	(5,357)
	6,649	(12,229)	64,952	(5,357)
NET LOSS	**(189,333)**	(85,386)	**(535,885)**	(503,613)
DEFICIT, BEGINNING OF PERIOD PREVIOUSLY STATED	**7,396,007**		**7,049,455**	6,128,365
RESTATEMENT ON CHANGE IN ACCOUNTING POLICY				184,200
DEFICIT BEGINNING OF PERIOD RESTATED	**7,396,007**	6,730,792	**7,049,455**	6,312,565
DEFICIT, END OF PERIOD	**$ 7,585,340**	$ 6,816,178	**$ 7,585,340**	$ 6,816,178
BASIC AND DILUTED (GAIN) LOSS PER SHARE	**$ 0.004**	$ 0.003	**$ 0.012**	$ 0.016
WEIGHTED AVERAGE SHARES OUTSTANDING	**46,410,605**	31,906,757	**45,351,874**	31,841,564

CONSOLIDATED STATEMENTS OF CASH FLOWS

MINDORO RESOURCES LTD

		Quarter Ended June 30				Six Months Ended June 30		
		2005		2004		**2005**		2004
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES								
OPERATING								
Net loss	**$**	**(189,333)**	$	301,082	**$**	**(535,885)**	$	(99,089)
Items not affecting cash								
Stock Based Compensation		**4,875**		-		**160,000**		291,600
Depreciation and amortization		**2,011**		(930)		**3,073**		132
		(182,447)		300,152		**(372,812)**		192,643
Increase in royalty deposits		**414**		(1,295)		**(1,702)**		783
Changes in non-cash working capital		**31,315**		65,685		**(223,904)**		53,289
		(150,718)		364,542		**(598,418)**		246,715
INVESTING								
Security deposits				-		-		-
Expenditures on mineral properties and deferred costs		**(382,946)**		(1,205,731)		**(580,817)**		(167,746)
Acquisition of property and equipment		**(0)**		210		**(6,845)**		(808)
		(382,946)		(1,205,521)		**(587,662)**		(168,554)
FINANCING								
Issue of share capital, net of issuance costs		**672,049**		(321,867)		**851,908**		114,336
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS		**138,385**		(1,162,846)		**(334,172)**		192,497
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD		**822,984**		1,652,115		**1,295,541**		296,772
CASH AND SHORT-TERM INVESTMENTS, END OF PRIOD	**$**	**961,369**	$	489,269	**$**	**961,369**	$	489,269

Mindoro Resources Ltd.
Statement of Cash Flows
March 31, 2005

		Note 1	Note 2	
Operating activities				
Net loss	(535,885)			(535,885)
Items not affecting cash				
Stock Based Compensation	160,000			
Depreciation and amortization	3,073			3,073
Loss on disposal of subsidiaries	-			-
Write-down of exploration costs	-			-
	(372,812)	-	-	(532,812)
Royalty deposits	(1,702)			(1,702)
Changes in non-cash working capital	(223,904)			(223,904)
	(598,418)	-	-	(758,418)
Investing activities				
Security deposits		-		-
Mineral properties	(580,817)	-		(580,817)
Property and equipment	(6,845)			(6,845)
Disposition of subsidiaries	-			-
	(587,662)	-	-	(587,662)
Financing acitivities				
Issue of share capital, net	792,995			792,995
Contributed surplus	58,914	23		58,937
	851,909	23	-	851,932
Decrease in cash	(334,172)	22	(1)	(494,149)
Cash, beginning of period	1,295,541			1,295,541
Cash, end of period	961,369			801,392

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, 2004. These interim financial statements should be read together with the Company's most recent annual audited financial statements.

2. DEFERRED EXPLORATION COSTS

Project	Balance, December 31, 2003	Expenditures	Balance, December 31, 2004	Expenditures	**Balance, June 30, 2005**
Agata	$ 1,133,833	$ (114)	$ 1,133,719	$ (38,020)	**$ 1,095,699**
Tapian	562,899	86,459	649,358	(120,464)	**$ 528,894**
Lahuy	103,361	-	103,361	0	**$ 103,361**
Mat-I	27,000	15,017	42,017	2,302	**$ 44,319**
Pan de Azucar	665,454	22,345	687,799	8,314	**$ 696,113**
Batangas	-	16,374	16,374	21,214	**$ 37,588**
Lobo	496,108	731,483	1,227,591	401,475	**$ 1,629,065**
Archangel	122,921	195,004	317,925	305,184	**$ 623,109**
Laos	-	24,757	24,757	0	**$ 24,757**
	$ 3,111,576	$ 1,091,325	$ 4,202,901	$ 580,007	**$ 4,782,907**

3. CAPITAL ASSETS

	2004			**2005**		
	Cost	**Accumulated Depreciation**	**Net Book Value**	**Cost**	**Accumulated Depreciation**	**Net Book Value**
Computer hardware	**$ 50,181**	**$ 44,844**	**$ 5,337**	**$ 52,061**	**$ 45,770**	**$ 6,291**
Computer software	**42,547**	**39,205**	**3,342**	**43,352**	**39,766**	**3,586**
Office furniture and equipment	**29,724**	**24,677**	**5,047**	**33,865**	**26,243**	**7,622**
Leasehold improvements	**16,517**	**16,517**	**-**	**16,517**	**16,517**	**-**
	$ 138,969	**$ 125,243**	**$ 13,726**	**$ 145,796**	**$ 128,296**	**$ 17,499**

4. RELATED PARTY TRANSACTIONS

(a) Accounts receivable and advances includes $19,199 due from an officer and director of the Company; and $68,583 advanced to East West Drilling; a director of the Company is also the managing director of East West.

(b) Consulting and professional fees expense includes $6,616 paid to a director of the Company, and $30,000 paid for investor relations to Ascenta Capital; a director of the Company is also a principal of Ascenta. Advertising and promotions expense includes $29,009.06 also paid to Ascenta.

(c) Mineral properties and deferred costs includes $47,308 paid to East West Drilling; $1,698 was also paid to a director of the Company for consulting work on the properties.

5. CASH CALLS RECEIVABLE

Funds due from the Company's joint venture partner are entered into the cash call receivable account.

6. SHARE CAPITAL

Authorized
Unlimited number of common shares
Unlimited number of preferred shares

	Number		Stated Value
Issued			
Common shares			
Balance, December 31, 2004 (a)	44,111,867	$	11,602,605
Issuable, December 31, 2004 (b)	50,000	$	13,750
Issued upon exercise of warrants (c)	405,265	$	140,608
Issued pursuant to private placement (d)	2,117,500	$	656,267
Issued upon exercise of stock options (f)	31,000	$	6,920
Balance, end of period	**46,715,632**		**12,420,150**
Common share purchase warrants			
Balance, beginning of period (a)	13,068,361		
Issued pursuant to private placement (d)	1,058,750		
Issued pursuant to exercise of agents warrants (g)	355,265		
Exercised (c)	(405,265)		
Expired (h)	(750,000)		
Balance, end of period	**13,327,111**		

(a) On January 16, 2004, the company issued 500,000 Units at $0.30 per Unit for proceeds of $129,604, net of cash issue costs of $20,396. Each Unit consisted of one Common share and one-half Common share purchase warrant. Each whole Common share purchase warrant entitles the holder to acquire one Common share at $0.60 per share until January 16, 2005. The company issued 50,000 agent's warrants pursuant to this private placement exercisable into one Unit of the company at $0.30 per Unit until January 16, 2006, each Unit having the same terms as above. The fair value of the agent's warrants was estimated to be $13,145 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, expected volatility of 123%, risk-free interest rate of 2.84% and a 0% dividend yield. This was recorded as a share issue cost with a corresponding increase in contributed surplus.

On August 5, 2004, the company issued 831,112 Units at $0.225 per Unit for proceeds of $185,159, net of issue costs of $1,841. Each Unit consisted of one Common share and one Common share purchase warrant entitling the holder to acquire one Common share at $0.30 per share until August 4, 2006.

On October 29, 2004, the company issued 1,102,200 Units at $0.225 per Unit for proceeds of $245,756, net of issue costs of $2,239. Each Unit consisted of one Common share and one Common share purchase warrant entitling the holder to acquire one Common share at $0.30 per share until October 29, 2006.

Pursuant to a Short Form Offering document, the company issued 8,888,888 Units at $0.225 per Unit for gross proceeds of $2,000,000. Each Unit consisted of one Common share and one Common share purchase warrant entitling the holder to acquire one Common share at $0.30 per share until October 15, 2006. The company paid the agent a 9% cash commission on the gross proceeds of $180,000, granted 888,888 agent's warrants, issued the agent 50,000 Common shares and paid $91,440 in additional miscellaneous share issue costs. The agent's warrants entitle the holder to acquire one Unit of the company at $0.225 per Unit until October 15, 2006. The fair value of the agent's warrants was estimated to be $222,222 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, expected volatility of 110%, risk-free interest rate of 3.2% and a 0% dividend yield. This was recorded as a share issue cost with a corresponding increase in contributed surplus. The fair value of the shares issued of $11,250 was recorded as a share issue cost with a corresponding increase in share capital.

(b) Pursuant to an agreement with Panoro Minerals Ltd., (“the Surigao Option Agreement”) Panoro became obligated during 2004 to deliver to the Company 50,000 Common shares of the Company. The expected receipt of these shares was netted against the Company’s obligation to issue 100,000 Common shares to Minimax Mineral Exploration, as described below.

Pursuant to the Company’s Memorandum of Agreement with Minimax, 100,000 Common shares were committed to be issued in 2004 to Minimax as the Company elected to enter into phase three on the Tapian property. These shares were recorded as Common shares issuable as at December 31, 2004, at fair value, on the date the Company exercised the option, of $27,500, less the Common shares deliverable by Panoro Minerals Ltd. at fair value of $13,750, for a net obligation of $13,750.

Pursuant to an Agreement to Explore, Develop and Operate Mineral Property (“the Bautista-Tapian Agreement”) the Company was obligated to issue to the property vendor 40,000 Common shares of the Company and 40,000 Common shares of Panoro. The 40,000 Company shares were recorded as issuable at December 31, 2004, at fair value on the date of signing of $10,800. The fair value of the Panoro Common shares on the date of signing of $6,800 was included in accounts payable and accrued liabilities at December 31, 2004.

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

(c) Purchase warrants were exercised for net proceeds of $140,608. Stock-based compensation costs totaling $46,136, recorded as an increase to contributed surplus on issuance of purchase warrants in 2004, were reclassified to share capital upon the exercise of these warrants.

(d) Pursuant to a private placement, the company issued 2,117,500 Units at $0.32 per Unit for gross proceeds of $677,600 less finders' fees of $16,716 and additional costs of the issue amounting to $4,617. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant entitles the holder to acquire one Common share at $0.50 until the expiry date of October 13, 2006.

(e) These shares were issued to Minimax Mineral Exploration Corp. pursuant to the company exercising its option to proceed to phase three on its Tapian San Francisco property.

(f) The company issued 31,000 Common shares pursuant to the exercise of stock options for net proceeds of $6,920.

(g) These warrants were issued pursuant to the exercise of 355,265 Agent's warrants.

(h) Two issues of warrants expired during the period: 250,000 warrants with an exercise price of $0.60 expired in January and 500,000 warrants with an exercise price of $0.50 expired in March.

Incentive Share Options

The following table summarizes the status of the Company's stock option plan:

	Shares	**Weighted-Average Exercise Price**
Outstanding at beginning of period	2,830,000	$0.140
Issued	1,215,000	$0.280
Exercised	(31,000)	$0.225
Forfeited	(40,000)	$0.310
Outstanding at end of period	**3,974,000**	**$0.240**
Options exercisable at end of period	**3,836,500**	**$0.230**

Compensation cost of $155,125 was recorded as stock-based compensation and $105,050 was recorded as mineral properties and deferred exploration with a total corresponding increase in contributed surplus of $260,175.

The following table summarizes share options outstanding:

Exercise Prices	**Outstanding**	**Contractual Life (Years)**	**Exercise Price**
$0.10 to $0.14	925,000	1.67	$0.12
$0.15 to $0.23	994,000	2.77	$0.20
$0.24 to $0.36	2,055,000	5.38	$0.31
Total	**3,974,000**	3.86	**$0.24**

During the period, the following share options were issued:

Optionee	Date Issued	Date Expires	Options Issued
J.A. Climie	Feb. 3, 2005	Feb. 3, 2010	200,000
P. Gould	Feb. 3, 2005	Feb. 3, 2010	100,000
G. Kirchner	Feb. 3, 2005	Feb. 3, 2010	150,000
M. Farris	Feb. 3, 2005	Feb. 3, 2010	100,000
O. Reyes	Feb. 3, 2005	Feb. 3, 2010	100,000
P. Draper	Feb. 3, 2005	Feb. 3, 2010	100,000
Officer of subsidiary	Feb. 3, 2005	Feb. 3, 2010	100,000
Employees	Feb. 3, 2005	Feb. 3, 2010	265,000
Consultants	Apr. 5, 2005	Apr. 5, 2007	100,000
Total			**1,215,000**

7. CONTRIBUTED SURPLUS

Balance, beginning of period	$	886,771
Stock based compensation contributed	$	265,050
Agent's warrants exercised	$	(46,136)
Balance, June 30, 2005	**$**	**1,105,685**

8. SUBSEQUENT EVENTS

Subsequent to June 30, 2005, 477,083 Units were issued upon the exercise of 477,083 Agent's purchase warrants for proceeds of $107,343.68. Each Unit consists of one Common share and one Common share purchase warrant entitling the holder to purchase one Common share at $0.30 per share until October 15, 2006. Additionally, 3,553,662 purchase warrants were exercised for gross proceeds of $1,066,098.60 and 557,273 purchase warrants priced at $1.00 expired on August 1, 2005.

9. DIRECTORS AND OFFICERS

Gerhard F. Kirchner, Ph.D., P.Eng.	*Chairman, Director*
James A. Climie, B.Sc.(Hons.), P.Geol.	*President, CEO, Director*
Peter R. Draper	*Director*
Marshall L. Farris	*Director*
Oscar S. Reyes, B.A., MBA	*Director*
Penny M. Gould, B.Ed.	*Executive Vice President, CFO, Corporate Secretary*