



MINDORO
RESOURCES LTD

Interim Consolidated Financial Statements

(Unaudited)

For the Nine Months Ended September 30, 2010

(Expressed in Canadian Dollars, Except Where Otherwise Noted)

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Mindoro Resources Ltd.
Suite 104, 17707 – 105th Avenue
Edmonton, AB, Canada T5S 1T1

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

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

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2010



1. GENERAL

This discussion and analysis of financial position and results of operation is prepared as at November 22, 2010, and should be read in conjunction with the unaudited consolidated financial statements for the nine months ended September 30, 2010 and September 30, 2009 and the December 31, 2009 audited consolidated financial statements which have been prepared in accordance with Canadian generally accepted accounting principals. All amounts are expressed in Canadian dollars, unless otherwise indicated. Additional information related to the Company can be found on SEDAR at www.sedar.com

2. FORWARD LOOKING INFORMATION

Statements contained in this document that are not historical facts are regarded as forward-looking statements. These statements may involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences, without being limited to the following, include: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; unexpected variations in geological conditions of a property or erroneous geological data; environmental risks including increased regulatory constraints; unexpected adverse mining conditions; adverse political conditions and changes in government regulations and policies. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company will not necessarily update forward-looking statements unless the Company is required to by applicable securities laws.

3. NATURE OF THE BUSINESS AND GOING CONCERN

Mindoro Resources Ltd.'s (the "Company" or "Mindoro") principal activity is the acquisition, exploration and development of mineral properties in the Philippines. To date, no mineral development projects have been completed and commercial production has not commenced.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, an underlying assumption being that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The continued existence of the Company is dependent upon its ability to obtain additional sources of financing or negotiate appropriate farm-in arrangements, to fund current and future exploration and administrative expenditures, to meet obligations to preserve its interests in existing mineral properties and to achieve commercial production and positive cash flows from operations. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern.

The Company's share price experienced a decline during 2008 and remained stagnant during 2009, along with capital markets in general. This situation caused management to reevaluate plans to pursue additional sources of funding going forward. Management's amended plans include continuing to pursue financing through equity offerings, the exercise of outstanding warrants and options and seeking joint venture partners to fund exploration. As disclosed in Note 9 of the unaudited interim September 30, 2010 consolidated financial statements, the Company has closed two private placements to date. An improvement in the share price resulted in the exercise of stock options and purchase warrants during the first nine months of this year. In October, a prospectus was filed in Australia to facilitate a capital raising. As a result of these actions, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the next twelve months.

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4. CHANGES IN MANAGEMENT AND DIRECTORS DURING THE QUARTER

On September 22, 2010 the Company appointed Rob King to the role of Vice President Commercial and Chief Financial Officer. Rob King has been with Mindoro in a consulting capacity since June 2010. To facilitate Rob's appointment, Herrick Lau resigned as CFO. Herrick continues to play an integral role, on a consulting basis, in assuring Mindoro continues to meet its Canadian financial reporting obligations.

On October 4, 2010, the Company appointed Christopher de Guingand of Melbourne, Australia, to its board of directors.

5. OVERVIEW OF EXPLORATION ACTIVITIES

The Company's mineral exploration projects are all located in the Philippines, including the Surigao District Provinces of Agusan del Norte and Surigao del Norte, Iloilo Province on Pan de Azucar and the Batangas Province on Luzon. Mindoro's field programs are carried out under the supervision of Tony Climie, P.Geol, who approved the technical content of this document and who is a qualified person as defined by National Instrument 43-101.

The mining industry in the Philippines is regulated at both the national and regional levels through the central and regional offices of the Department of Environment and Natural Resources ("DENR") and Mines and Geosciences Bureau ("MGB"). Republic Act No. 7942 (the "Mining Act") and its Revised Implementing Rules and Regulations are the principal laws that regulate the mining industry. The Mining Act grants qualified private parties the right to explore through:

- The rights to explore through exploration permit ("EP");
- The rights to explore, develop and utilize mineral resources, through mineral agreements like mineral production sharing agreement ("MPSA"), co-production sharing agreement and joint venture agreement;
- Financial or technical assistance agreement; and
- Mineral processing rights by way of mineral processing permit.

SURIGAO DISTRICT, NORTHERN MINDANAO

The Company has earned a direct and indirect 75% interest in the Agata, Tapian San Francisco and Tapian Main projects, and a 10% direct interest in the Mat-I project, (collectively referred to as the "Surigao Projects"), which are located in Surigao del Norte and Agusan del Norte Provinces of northern Mindanao, Philippines. The granted tenements consist of an MPSA on Agata and EPs on Tapian San Francisco and Tapian Main. The remaining tenements are held under MPSA and EP applications that are advancing normally through the approval process.

As of September 30, 2010, the Company had \$11,238,066 in exploration expenditures recorded to the Surigao Projects, including expenditures of \$1,263,969 in the third quarter of 2010.

Nickel Laterite Development Options Study

As disclosed in the Company's press release on March 15, 2010, an Options Study carried out by Boyd Willis Hydromet Consulting of Brisbane, Australia, examined six options for first stage development and processing as well as several hybrid options for the Agata nickel laterite resource. These included a Direct Shipping Ore option ("DSO"), constructing an on-site processing plant which has an array of potentially applicable technologies; including Nickel Pig Iron production, Ferronickel Smelting, Heap Leaching, Atmospheric (Tank) Leaching and High Pressure Acid Leaching ("HPAL").

The conclusions of the study were that a DSO operation focused on a higher grade component of the laterite



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resource, while not optimizing value from the resource, could be integrated into a staged atmospheric leach with saprolite neutralization project focused on treating Saprolite material followed by a HPAL project treating the lower grade (>0.9% Nickel) limonite, subject to increasing the total mineral resource inventory.

As recommended by the Options Study a scoping study and metallurgical testing program for a large scale integrated nickel laterite processing operation, was commenced in March 2010. The Scoping study was completed and released on the 6th October 2010. Metallurgical testing results are expected to be finalized in November 2010.

Agata Nickel Laterite Infill Resource Drilling

On August 10, 2010 the last batch of infill drilling results from the Agata infill resource drilling program were released. The drilling program, completed between March and July 13th 2010, comprised a total of 185 core holes completed with an aggregate of 3,560 meters. Final results were received for a total of 3,042 core assays. The average grades and thicknesses from the entire program are summarized below (these include results from 91 drill holes reported in the first quarter report):

Laterite Horizon	Average Thickness (m)	% Ni	% Co	% Fe
Ferruginous Laterite	1.63	0.64	0.07	48
Limonite	3.91	1.13	0.13	48
Saprolite	7.56	1.30	0.03	12

The results to date include grades and thicknesses consistent with those previously reported. These continue to be of potential economic interest as DSO nickel-iron limonite (>0.9% Nickel, >48% Iron) for the Chinese nickel-pig iron market and high grade transition to saprolite ore (>1.5% Nickel) for Chinese Electric Arc Furnace ("EAF") ferronickel processing facilities in Asia.

The Company's production objectives are intended to provide an indication of management's current expectations and are still conceptual in nature. It is uncertain that it will be established that these resources will be converted into economically viable mining reserves. Until a feasibility study has been completed, there is no certainty that these objectives will be met.

Agata Nickel New Mineral Resource Estimate

Following completion of a detailed resource infill drilling program, on August 23, 2010 an increased Mineral Resource estimate for the Agata Nickel Project was announced. This includes a Measured and Indicated resource of 29.8 million tonnes at 1.03 percent nickel, an increase of 2.9 million tonnes compared to the December 2009 estimate with a slight decrease in grade due to a more robust estimation methodology and more detailed information. In addition an Inferred resource of 1.46 million tonnes at 1.01 percent nickel was been estimated. On September 09, 2010 a further significant increase to the Mineral Resource estimate was announced following a review and reinterpretation of the basal saprolite contact and a change in model parameters. The Measured and Indicated resource was increased to 32.6 million tonnes at 1.04 percent nickel for 340,000 tonnes of contained nickel. This is a further increase of 2.8 million resource tonnes and 33,000 tonnes of contained nickel compared to the previously announced estimate. In addition there is an Inferred Resource of 1.7 million tonnes at 1.04% nickel.

A total of 593 drill core holes for 10,851m of diamond drill core were used for the estimate. The resource estimation method applied was Ordinary Kriging, a very robust and proven methodology with regards to lateritic nickel deposits. All previous resource estimates were completed by a length-weighted inverse distance squared method to provide an indicative resource appropriate to the drilling density at the time of reporting. Cut-off grades applied to the resource were 0.5 percent within the Limonite zone and 0.8 percent within the Saprolite zone.

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The mineral resource estimate is tabulated below.

Classification	Horizon	Metric K Tonnes	Ni %	Co %	Fe %	Contained Metal (K Tonnes)		
						Ni	Co	Fe
Measured	Limonite	247	1.01%	0.12%	48%	2	0.3	119
	Saprolite	535	1.15%	0.03%	11%	6	0.2	59
	Subtotal	782	1.10%	0.06%	23%	9	0.5	177
Indicated	Limonite	9,963	0.94%	0.11%	46%	94	11.0	4,583
	Saprolite	21,847	1.09%	0.03%	11%	238	6.5	2,403
	Subtotal	31,811	1.04%	0.06%	23%	332	17.5	6,986
Measured &	Limonite	10,210	0.94%	0.11%	46%	96	11.3	4,702
Indicated	Saprolite	22,382	1.09%	0.03%	11%	244	6.7	2,462
	Subtotal	32,592	1.04%	0.05%	23%	340	18	7,164
Inferred	Limonite	260	1.00%	0.11%	44%	2.6	0.3	117
	Saprolite	1,421	1.05%	0.03%	11%	14.9	0.4	171
	Subtotal	1,681	1.04%	0.04%	17%	17.5	0.7	288

- Total metal contents in the reported resources represent metal in the ground and have not been adjusted for metallurgical recoveries and other factors which will be considered in later study.
- Mineral resources which are not mineral reserves do not have demonstrated economic viability.
- The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- This work has produced Measured, Indicated and Inferred Mineral Resources in accordance with the definitions outlined in the JORC Code of 2004 (Australasian Joint Ore Reserves Committee) and is reported in accordance with NI 43-101.
- The NI 43-101 compliant Technical Report dated September 03, 2010 was filed on SEDAR on October 12, 2010.

Stage 1 Direct Shipping Ore and Thermal Upgrading

The Company has an Environmental Compliance Certificate (ECC) approved to develop a DSO project, subject to certain lesser permit requirements, producing up to two million dry metric tonnes (DMT) per annum. Preliminary discussions with potential offtakers have confirmed there is a market for limonite material containing >0.9% Nickel and >48% Iron as Nickel Pig-Iron feedstock, and for saprolite material containing >1.5% Nickel for Electric Arc Furnace Ferronickel production. A preliminary DSO study is in progress, based on the September 9, 2010, resource, investigating various open pit optimization scenarios and incorporating infrastructure designs that will allow the Company to develop an economic model around this stage of the project and submit plans to the Mines and Geosciences Bureau of the Philippines Government for final declaration of Mining Feasibility. However, DSO is viewed as an interim development stage prior to the commencement of downstream, value-added processing, such as thermal upgrading.



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A concept study into thermal upgrading of nickel lateritic material was completed in October by Hatch Associates Pty Limited, an international firm of consulting engineers (Perth office). Unprocessed laterite contains from 30% moisture up to 45% including "molecular" moisture. Thermal upgrading removes the moisture from the material which improves blending and handling properties. Most importantly, this dramatically reduces the shipping cost, which, in combination, achieves a premium price over unprocessed Direct Shipping Ore (DSO) material. Further upgrading of the nickel content can be achieved through optional process enhancements.

The Company is undertaking further review of markets for both DSO and thermally upgraded laterite product, and the capital and operating costs for their production, before completing a pre-feasibility study and testing program.

The company's production objectives are intended to provide an indication of management's current expectations and are still conceptual in nature. It is uncertain that sufficient resources will be established and if established that these resources will be converted into economically viable mining reserves. Until a feasibility study has been completed, there is no certainty that these objectives will be met.

Scoping Study on Large Scale Processing Operation

The Agata Nickel Project Scoping Study and metallurgical testing program for a large scale integrated nickel laterite processing operation, was commenced in early 2010. On October 6, the results of the Scoping Study were released. Boyd Willis Hydromet Consulting coordinated the scoping study with the involvement of two other key groups: Vector Engineering, evaluating engineering and infrastructure requirements and costs, and SGS in Perth, who plan to complete the acid leach metallurgical testing program in the fourth quarter 2010.

The objective of the Scoping Study is to provide a preliminary assessment of the economics of three identified processing options at $\pm 30 - 35\%$ accuracy and identify the other project drivers such as environmental and technology risks. The scoping study includes the investigation of the mining, processing, process services, power generation, infrastructure, and major environmental issues. The study was based on the current Agata mineral resource estimate, including inferred resources. The study did not address certain economic parameters, such as Net Present Values or Internal Rates of Return which will be evaluated in a more advanced economic assessment and pre-feasibility study, that includes the DSO stage of the project.

The preliminary characterisation of the ore types and their amenability to acid leaching identified the following three suitable processing routes, which are evaluated in this study:

- **Base Case** - a major integrated High Pressure Acid Leaching (HPAL) / Atmospheric Leaching (AL) / Sapolite Neutralisation (SN) process based in scale on the highly successful Sumitomo/Nickel Asia Coral Bay Nickel project, on Palawan Island, the Philippines. In this case 27,400 tonnes per annum of nickel as Ni-cathode product would be produced. The estimated average cash-cost of production (after year three) for this case is US\$2.47 per pound of nickel or US\$1.59 per pound of nickel with cobalt credit (assuming cobalt price of US\$18/lb and 80% payable for cobalt contained in cobalt sulphide). The Capital Cost estimate for this processing option, including electrowinning and acid production plant, is US\$1.33Bn. This includes a direct cost of US\$837 million, indirect infrastructure costs of US\$182 million and a 30% contingency.
- **Larger Production Case** - a scale-up of the base case which employs the largest HPAL autoclave available. The nickel production for this option is increased to 42,000 tonnes per annum nickel as Ni-cathode. The estimated average cash-cost of production (after year three) for this case is US\$2.22 per pound of nickel or US\$1.35 per pound of nickel with cobalt credit (assuming cobalt price of US\$18/lb and 80% payable for cobalt contained in cobalt sulphide). The Capital Cost estimate for this processing option, including electrowinning and acid production plant, is US\$1.74Bn. This includes a direct cost of US\$1.1 Bn, indirect infrastructure costs of US\$243 million and a 30% contingency.



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- Atmospheric Leach Case** - This case involves Atmospheric Leaching of Saprolite only, without the use of autoclaves. The nickel will be recovered by hydroxide precipitation producing an intermediate Mixed Hydroxide Precipitate (MHP) product. The design capacity for this option is 14,300 tonnes per annum nickel contained in MHP. The estimated average cash-cost of production for this case (after year three) is US\$3.25 per pound of nickel or US\$2.94 per pound of nickel with cobalt credit (assuming cobalt price of US\$18/lb and 80% payable for cobalt contained in cobalt sulphide). The Capital Cost estimate for this processing option, including acid production plant, is US\$740 million. This includes a direct cost of US\$479 million, indirect infrastructure costs of US\$91 million and a 30% contingency.

Capital cost estimates did not include owner's costs, mining related capital costs, duties and taxes for equipment, technology fees/project support, EPCM assistance following introduction of feed to the plant, or an estimate of working capital. Operating cost estimates did not include sustaining capital costs, government charges, royalties, marketing costs, corporate consultancies or duties, customs or other imposts.

The Scoping study is based on the current Agata mineral resource estimate disclosed on September 8, 2010. For the purposes of the scoping study, relatively aggressive cut-off grades were applied to the resource to approximate plant-feed for the base case project sufficient for a production rate of >2.5 million tonnes treated per annum for six years. The Company is currently drilling the regional Exploration Target to further evaluate the potential of supplying sufficient total tonnes to the base case project for 20 years or more of similar production. The cut-off grades applied were Limonite: 0.85% Ni, Transition: 0.90% Ni and Saprolite: 1.0% Ni cut off. Additionally an upper cut-off of 1.35% Ni was applied to all three ore types to classify the high grade material for potential direct shipped ore operations, excluding 4.86 million additional tonnes of high-grade material. The estimated plant feed inventory derived from the current Agata resource, including the DSO component, is as follows:

	M Tonnes	Nickel %	Cobalt %	Iron %	Al %	Mg %	SiO2%
Limonite	7.51	1.05	0.112	43.7	2.85	2.12	8.59
Saprolite	8.88	1.15	0.024	10.8	0.46	16.9	40.5
Sub-total	16.39	1.10	0.065	25.9	1.56	10.1	25.9
High Grade DSO	4.86	1.59	0.044	16.0	0.73	14.4	35.8
Total	21.25	1.21	0.060	23.6	1.37	11.1	28.2

As disclosed in the Company's January 11, 2010, press release, the potential quantity and grade of the Exploration Target is conceptual in nature; there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource, and there is no guarantee that these resources, if delineated, will be economic or sufficient to support a commercial mining operation.

The preliminary assessment is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized.

Previous metallurgical testing on the Agata mineral resource was completed by Enlin Steel Corporation (Enlin) in 2008. Enlin is a major stainless steel producer in the Asian region. The bench scale testwork program was conducted on 6 samples and included atmospheric leaching and HPAL. This work was reviewed by BWHC. Limonite HPAL gave results of >95% recovery for both nickel and cobalt with average acid consumption of 314 kg/t and less than 40 minutes HPAL residence time.. Saprolite atmospheric leach gave results of 90% nickel recovery with 900kg/t acid.



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While the Enlin testing was performed in a private, non-accredited lab and the equipment and procedures employed for HPAL testing were not disclosed to the Company, the results are considered comparable to other Philippines laterite test results and thus provide some confidence in the methods applied. Readers are cautioned that the sample size was limited and may not be representative of the deposit. For the purposes of the scoping study, BWHC applied more conservative assumed recoveries for each of the identified processes based on projects of similar size and scope in the Philippines and elsewhere. A more comprehensive bench scale testing program by SGS Lakefield Orestest, a NATA accredited laboratory in Perth, is due to be finalised in the fourth quarter 2010.

The study concludes that the potential to establish a low operating cost nickel operation is subject to satisfying certain key technical factors, including the conversion of the regional Exploration Target to sufficient mineral resources to support an economic project life. Currently identified resources will support a mine life of six years and are not considered sufficient to warrant commencement of production, based on the base case integrated High Pressure Acid Leaching (HPAL) / Atmospheric Leaching (AL) / Saprolite Neutralisation project processing >2.5 million tonnes per annum.

However the Company is sufficiently encouraged by the results of the Scoping Study into acid leach processing, subject to further DSO and thermal upgrading studies, to seek indicative quotes to produce a pre-feasibility study into an integrated, staged nickel project. This study would examine the viability of an initial DSO then thermal upgrading stage, followed by an atmospheric leach project processing predominantly saprolitic material.

Nickel Laterite Exploration Target Drilling

On January 11, 2010, the Company released an Exploration Target on its northern Surigao tenements of from 50 to 70 million DMT in a grade range of 0.9% to 1.2% nickel and 28 to 32% iron (combined limonite and saprolite). The target is based on a total mapped and hand auger sampled area of 800 hectares at an average projected thickness based on auger sampling of 6m and Specific Gravity (SG) of 1.25.

A drilling program to convert the Exploration Target to mineral resources commenced in the first week of August 2010, with four drilling rigs. The initial results from the drilling program, at Tapian target, were reported on October 14, 2010, as well as channel sampling results from a road cut through the centre of the Tapian target. The initial drilling and channel sampling encountered nickel laterite grades and thicknesses of potential economic interest. The Company has received results from the first 82 holes, comprising 850 meters, of a 7,000 to 10,000 meter drill program. With four rigs drilling over the next six to nine months, the Company's objective is to convert a significant proportion of a large Exploration Target to a NI 43-101 compliant Mineral Resource. The Exploration Target is currently estimated at 50 million to 70 million DMT at 0.9% to 1.2% nickel.

Highlights of the initial drilling included the following:

- TML-05: Combined 5.9m @ 1.17% Ni from 2.35m including Limonite 3m @ 1.34% Ni, 37% Fe
- TML-32: Saprolite 4.5m @ 1.0% Ni from 1.05m
- TML-46: Saprolite 4.9m @ 0.99% Ni from 1.80m
- TML-50: Saprolite 3.2m @ 0.99% Ni from 2.60m
- TML-103: Saprolite 2.35m @ 1.09% Ni from 0.35m



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In addition to drilling, excellent nickel results were obtained through systematic channel sampling of well-developed and exposed limonite horizons. Ten centimeter by ten centimeter by one meter channels were excavated at 25 meter intervals along 350 meters of road cut. The upper limonite averaged 0.61 percent nickel and 35 percent iron over 1.5 meters thickness and the lower limonite averaged 1.07 percent nickel and 42 percent iron over one meter thickness which remains open to depth.

The geology of the initial area tested is more complex than encountered in the Agata resource and includes an eastern belt underlain by a complex of mixed ultra-mafics and other less favorable rocks, and a western belt where serpentinized harzburgite bedrock underlays a thick laterite horizon. Drilling was focused on the western belt by quarter end. The main part of this belt, while within the Company's tenements, is covered by a land-use area designated, amongst other things, for cash-cropping, but which Mindoro is mandated and entitled to explore by virtue of its pre-existing mineral tenement agreement with the Philippine Government. Mindoro is currently negotiating access for drilling, but in the meantime, the systematic channel sampling described above was completed across a road-cut through this area producing the encouraging results described above.

Drilling will continue to test the Tapan target then progress to testing the other five defined target areas in the Surigao region.

Tony Climie, P.Geol, is the company's Qualified Person as defined by National Instrument 43-101, who is responsible for monitoring the supervision and quality control of Mindoro's regional exploration programs and who has reviewed and verified the technical information contained in this document.

The reader is cautioned that the potential quantity and grade of the Exploration Target is conceptual in nature; it is uncertain if further exploration will result in the Exploration Target being delineated as a mineral resource and there is no guarantee that these resources, if delineated, will be economic or sufficient to support a commercial mining operation.

BATANGAS PROJECTS, LUZON

Mindoro has the right to a 100% direct and indirect interest in the Batangas land package, comprised of approximately 29,000 hectares and encompassing the El Paso, Lobo, Talahib and Archangel Projects. Both the Lobo and Archangel Projects are held under a MPSA; and the Calo and El Paso prospect are held under an EP. The remaining Batangas Regional ground is held under either MPSA or EP applications, which are in various stages of approval. Mindoro has granted Gold Fields Netherlands Services BV ("Gold Fields") options to earn up to 75% interest in the El Paso, Lobo and Talahib Projects. As of September 30, 2010, the Company incurred \$14,133,372 in exploration expenditures on the Batangas Projects, including expenditures of \$118,244 in the third quarter of 2010, mainly on geophysical activities.

The Batangas tenements are in the well-mineralized southern Luzon porphyry copper-gold belt. Initial NI 43-101-compliant gold resources have been defined at both Lobo and Archangel (South West Breccia and Kay Tanda, respectively), which are both open to upgrading and extension, and at least 15 promising porphyry copper-gold prospects remain to be tested, including the Calo, Talahib, Pica and El Paso prospects.



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Archangel Project:

Apart from ongoing community relations programs, no further work was conducted on the Archangel Project during the quarter. As reported on March 5, 2010, the Kay Tanda mineral resource estimate was increased by additional drilling and modeling. The following table sets out the current resource:

Summary of Resource

	Metric Tonnes	Gold Grade (g/t Au)	Silver Grade (g/t Ag)	Gold (ounces)	Silver (ounces)
OXIDE (> 0.3 G/T AU)					
Measured	2,673,000	0.80	7.72	68,900	663,200
Indicated	1,581,000	0.65	4.24	33,000	215,300
Measured + Indicated	4,254,000	0.75	6.42	101,900	878,500
Inferred	680,000	0.57	3.04	12,400	66,400
TRANSITION (> 0.5 G/T AU)					
Measured	1,401,000	1.30	4.92	58,700	221,400
Indicated	1,058,000	1.11	2.61	37,900	88,900
Measured + Indicated	2,459,000	1.22	3.92	96,600	310,300
Inferred	537,000	0.97	2.57	16,800	44,400
FRESH (> 0.5 G/T AU)					
Measured	1,663,000	1.46	2.58	78,000	138,000
Indicated	1,503,000	1.26	2.09	61,000	101,000
Measured + Indicated	3,166,000	1.37	2.35	139,000	239,000
Inferred	2,524,000	0.84	1.23	68,000	100,000
TOTAL					
Measured	5,737,000	1.11	5.54	205,600	1,022,600
Indicated	4,142,000	0.99	3.04	131,900	405,200
Measured + Indicated	9,879,000	1.06	4.50	337,500	1,427,800
Inferred	3,741,000	0.81	1.75	97,200	210,800

- Total metal contents in the reported resources represent metal in the ground and have not been adjusted for metallurgical recoveries and other factors which will be considered in later study.
- Mineral resources which are not mineral reserves do not have demonstrated economic viability.
- The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- This work has produced Measured, Indicated and Inferred Mineral Resources in accordance with the definitions outlined in the JORC Code of 2004 (Australasian Joint Ore Reserves Committee) and is reported in accordance with NI 43-101.
- The NI 43-101 compliant Technical Report dated April 15, 2010 was filed on SEDAR on April 19, 2010.

The resource has been defined over a 1km strike length and remains open to the northeast and southwest within a six km corridor of anomalous stream sediment, soil and rockchip geochemistry and IP chargeability. While current focus of the Company is on advancing its nickel laterite resources, additional studies and interpretation are planned for Kay Tanda, leading to a resumption of field work to advance the resource in 2011.

Mindoro has granted a right of first refusal to Gold Fields over the Archangel Project, which includes Kay Tanda, should a deal be negotiated with another party. However, the Company is evaluating various options for advancing the project and has no immediate plans for concluding new joint venture arrangements for Archangel.



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El Paso, Lobo and Talahib Projects:

Pursuant to a Memorandum of Agreement dated April 29, 2009, Gold Fields has the right to earn up to a 75% interest in each of the El Paso, Lobo and Talahib porphyry copper-gold projects by sole funding exploration and a feasibility study on each project, up to certain expenditure limits.

For the twelve months commencing July 2009, Gold Fields had advised a forecast budget of approximately AU\$2,000,000 for drill testing both the El Paso and Lobo Projects and defining targets on the Talahib Project, which are being evaluated for their porphyry copper-gold potential. Gold Fields completed a 6 hole reconnaissance diamond drilling program on El Paso in 2009, the results of which were reported in a news release dated February 1, 2010 and included of 42.5m @ 0.5% Cu and 19.8m @ 0.29% Cu. Gold Fields is planning follow-up drilling at El Paso. In addition a program of mapping, soil sampling and geophysics was completed at Lobo, targeting high grade epithermal veins and deeper copper-gold porphyry mineralisation. Further evaluation of the Lobo prospect, including drilling, is in progress.

PAN DE AZUCAR PROJECT, PANAY ISLAND

Mindoro has earned a 40% interest in the Pan de Azucar Project, and has right to earn an additional 35% interest from a private Philippine company. Reconnaissance drilling in 2001 and 2002 intersected encouraging copper, gold, silver and zinc values within a massive pyrite body situated in a volcanic caldera. Work resumed at Pan de Azucar during the quarter, with all drill core re-logged and re-interpreted in preparation for more detailed evaluations. As announced on November 9, 2010, a 1000 m drill program has commenced to further evaluate the potential of the precious and base metals mineralization, as well as the potential of the massive pyrite body to provide sulfuric acid for a major processing operation on its nickel laterite resources in the Surigao District of Mindanao.

6. RESULTS OF OPERATIONS

For the three months ended September 30, 2010

Interest revenue for the third quarter of 2010 was \$5,550 compared to interest revenue of \$2,936 for the third quarter of 2009. The Company had higher cash balances in the current quarter than the same period in 2009.

The net loss for the third quarter of 2010 was \$1,718,521 compared to a net loss of \$545,279 for the third quarter of 2009. The increase in expenditure primarily reflects the Company's focus on advancing the Agata project into development phase. This includes expenditures associated with financing as well as the establishment of an office in Australia, where a number of key executives are located. Furthermore, expenditure in 2009 was lower due to reduced activity as a result of the global economic downturn, as previously reported.

Salaries and benefits expense during the third quarter of 2010 is \$388,225 compared to \$107,493 in the same period in 2009, resulting from increases in salaries and staffing in the Philippines as well as the appointment of new senior executives based in Australia.

Consulting and professional fees during the third quarter of 2010 were \$306,250 compared to \$9,686 in the same period in 2009, resulting from financial and legal consulting fees associated with financing activities including, the preparations to list on the Australian Stock Exchange, and the corporate office set-up in Australia.

Travel expense of \$169,010 for the third quarter of 2010 was significantly higher than the same period in 2009 of \$8,877. There was increased corporate travel within Canada and between Australia, the Philippines and Canada associated with increased project and financing activity in the current period.

Conferences and trade shows expense was \$17,568 for the third quarter of 2010 compared to \$3,201 in the same period in 2009. During the current quarter the Company attended Asian, Australian, European, and Canadian conferences while conference attendance during the same quarter in 2009 involved fewer events.



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The foreign exchange loss for the third quarter of 2010 is \$51,084 compared to a gain of \$3,790 during the same period in 2009. During the current quarter, the Australian Dollar and Philippine Peso appreciated against the Canadian Dollar.

For the nine months ended September 30, 2010

Interest revenue for the first nine months of 2010 was \$9,440 compared to interest revenue of \$8,357 for the first nine months of 2009. The Company had higher cash balances in the first nine months of 2010 than the same period in 2009.

The net loss for the first nine months of 2010 was \$2,918,009 compared to a net loss of \$1,544,946 for the first nine months of 2009 as a result of a significant increase in activity associated with advancing the Agata nickel project.

Salaries and benefits expense during the nine months ended September 30, 2010 is \$789,804 compared to \$357,411 in the same period in 2009, resulting from increases in staffing and salaries in the current period.

Consulting and professional fees during the first nine months of 2010 is \$400,684 compared to \$31,524 in the same period in 2009. Increased consulting fees associated with financing activities, including preparations to list on the Australian Stock Exchange, and corporate office set-up in Australia, were incurred during the current period.

Travel expense of \$362,361 for the first nine months of 2010 was significantly higher than the same period in 2009 of \$48,917. There was increased corporate travel within Canada and between Australia, the Philippines, Asia and Canada in the current period.

Advertising and promotion expense was \$84,612 for the first nine months of 2010 compared to \$32,340 in the same period in 2009. During the current period, advertising expenditures on corporate meetings and newswire services were considerably higher than during the same period in 2009.

Conferences and trade shows expense was \$45,236 for the first nine months of 2010 compared to \$19,445 in the same period in 2009. During the current period, Asian, European and Canadian conferences were attended while conference attendance during the same period in 2009 involved fewer events.

The foreign exchange loss for the first nine months of 2010 is \$83,045 compared to a gain of \$42,280 during the same period in 2009. During the current period, the Australian Dollar and Philippine Peso appreciated against the Canadian Dollar.

Rent expense was \$47,206 in the first nine months of 2010 compared to \$69,919 in the first nine months of 2009. In the second quarter of 2009, the Company reduced the office space and expense in the Philippines. The Company leased office space in Melbourne, Australia in March, 2010.

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2010



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7. SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings (Loss)	Earnings (Loss) Per Share	Working Capital	Total Assets
September 30, 2010	\$ (1,718,521)	\$ (0.012)	\$ 2,166,716	\$ 29,667,796
June 30, 2010	(577,964)	(0.004)	1,524,287	27,224,003
March 31, 2010	(621,524)	(0.005)	2,353,017	27,035,943
December 31, 2009	271,869	0.002	440,620	25,083,497
September 30, 2009	(545,279)	(0.005)	857,414	23,841,777
June 30, 2009	(469,055)	(0.005)	666,006	23,485,327
March 31, 2009	(530,612)	(0.005)	1,123,742	23,810,905
December 31, 2008	(1,623,253)	(0.018)	1,112,132	22,864,941

The Company's quarterly results are not subject to seasonal trends.

8. FINANCIAL CONDITION & LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of September 30, 2010, the Company's cash position was \$2,595,156 up from \$581,362 as at December 31, 2009. During the nine months ended September 30, 2010 the Company received gross proceeds of \$2,625,000 from a private placement in March and gross proceeds of \$3,965,870 from a private placement in July. Proceeds were also received in the nine months ended September 30 through the exercise of stock options, Common share Purchase Warrants, and agent's warrants for a gross amount of \$22,035.

Working capital at September 30, 2010, was \$2,166,716 as compared to \$440,620 at December 31, 2009.

Accounts receivable balance is \$181,976 as of September 30, 2010 up from \$133,684 as of December 31, 2009. Included in accounts receivable are input tax credits receivable of \$29,217, advances for employee expenditures of \$50,540, advances to a drilling contractor of \$62,537, reimbursements receivable from a joint venture partner for \$16,259 and sundry other amounts receivable. Prepaid expenses increased in the period to \$97,191 from \$47,128 at the end of 2009. Prepaid expenses include deposits for insurance, travel, an investor relations program and sundry other prepaid expenses. The property and equipment balance of \$278,444 has increased from the December 31, 2009 balance of \$195,101. Accounts payable and accrued charges of \$906,726 at September 30, 2010 are higher than the balance of \$764,325 at December 31, 2009.

The total amount of mineral properties and exploration expenditures capitalized as of September 30, 2010, was \$26,315,911 (\$23,683,451 as at December 31, 2009).

In the first nine months of 2010, \$2,499,633 was the net cash outflow from investing activities (\$556,856 in the first nine months of 2009). During the quarter ended September 30, 2010, \$1,528,370 was the net cash outflow on investing activities (\$177,435 in the quarter ended September 30, 2009) In the first nine months of 2010, investing activities include: an increase in restricted cash of \$243,653 (2009 - \$nil), expenditures on mineral properties and exploration of \$2,600,545 (2009 - \$620,281), \$nil proceeds from disposition of property and equipment (2009 - \$63,425) and expenditures on acquisition of property and equipment of \$142,741 (2009 - \$nil). In the quarter ended September 30, 2010, investing activities include: an increase in restricted cash of \$52,835 (2009 - \$nil), expenditures on mineral properties and exploration of \$1,388,551 (2009 - \$235,201), \$nil proceeds from disposition of property and equipment (2009 - \$57,766) and expenditures on acquisition of property and equipment of \$86,984 (2009 - \$nil).



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For the Nine Months Ended September 30, 2010

In the first nine months of 2010, \$6,410,163 was the net cash inflow from financing activities (2009 - \$1,060,991). During the quarter ended September 30, 2010, \$3,152,880 was the net cash inflow from financing activities (2009 - \$608,194). In the first nine months of 2010, financing activities include: issue of share capital of \$6,258,589 (2009 - \$1,060,991), and \$151,574 in cash received for future capital subscriptions (2009 - \$nil). In the quarter ended September 30, 2010, financing activities include: the issue of share capital for \$3,823,487 (2009 - \$608,194), the conversion of deposits held for private placement of \$636,179 (2009 - \$nil), and a reduction of \$34,427 in cash received for future capital subscriptions (2009 - \$nil).

9. TRANSACTIONS WITH RELATED PARTIES

- a. Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron") in August 2009, Baron agreed to act as corporate advisor and provide a Chief Financial Officer of the Company in return for a monthly fee. Baron's agreement was amended in September 2010 and now only provides corporate advisory services. During the first nine months of 2010, the Company recorded \$58,500 in fees for Baron (2009 - \$13,000).
- b. As at September 30, 2010, accounts payable and accrued liabilities includes \$nil (2009- \$151,460) of salaries and benefits owing to one officer of the Company.
- c. As at September 30, 2010, accounts receivable includes personal advances due to the Company of \$22,000 (2009 - \$nil) advanced to one officer of the Company. The advances were repaid in October.
- d. In the first nine months of 2010, the Company granted 5.6 million stock options (2009- 2.27 million stock options) to officers and directors of the Company.
- e. Pursuant to a management consulting services agreement with Climie Exploration Consulting, Inc. (CEC) in March 2010, CEC provided the services of the individual to act as Chief Operating Officer of the Company and as President of a Subsidiary of the Company. During the first nine months of 2010, the Company recorded \$210,000 in fees for CEC (2009 - \$nil).

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For the Nine Months Ended September 30, 2010



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10. CAPITAL STRUCTURE

Authorized:

- Unlimited number of Common Shares
- Unlimited number of Preferred Shares

Issued - Common shares	<i>Note</i>	Number
Balance, December 31, 2009		107,720,638
Issued pursuant to private placements	<i>a</i>	44,047,225
Issued upon exercise of stock options	<i>b</i>	50,000
Issued upon exercise of purchase warrants	<i>c</i>	110,292
Balance, September 30, 2010		151,928,155
Common share purchase warrants		
Balance, December 31, 2009		9,536,233
Issued pursuant to private placements	<i>a</i>	45,571,390
Exercised	<i>c</i>	(110,292)
Balance, September 30, 2010		54,997,331
Stock options		
Balance, December 31, 2009		9,587,000
Issued	<i>d</i>	6,350,000
Exercised	<i>b</i>	(50,000)
Forfeited/expired	<i>e</i>	(842,000)
Balance, September 30, 2010		15,045,000

- (a) In March of 2010, pursuant to a private placement, the Company issued 25,000,000 Units at \$0.105 per Unit for gross proceeds of \$2,625,000 less finders' fees and other costs of \$201,700. Each Unit consisted of one Common Share and one Common Share Purchase Warrant ("March 2010 Warrant"). Each warrant allows the holder to purchase one additional Common Share at a price of \$0.15 for a period of one year from the close of the Private Placement. A total of 25,000,000 March 2010 Warrants and 1,516,665 agent's warrants were issued pursuant to this Private Placement. Each agent's warrant is exercisable at \$0.15 for one Common Share. The fair value of Purchase Warrants issued in this Private Placement in the amount of \$1,354,778 was charged to share capital. The fair value of agent's warrants issued, in the amount of \$169,851, was also charged to share capital. In July of 2010 and pursuant to a private placement, the Company, issued 19,047,225 Units at \$0.208 per Unit for gross proceeds of \$3,965,870 less finders' fees and other costs of \$152,606. Each Unit consisted of one Common Share and one Common Share Purchase Warrant ("July 2010 Warrant"). Each July 2010 Warrant allows the holder to purchase one additional Common Share at a price of \$0.31 for a period of five years from the close of the Private Placement. A total of 19,047,225 Purchase Warrants and 7,500 agent's warrants were issued pursuant to this Private Placement. Each agent's warrant is exercisable at \$0.31 for one Common Share. The fair value of Purchase Warrants issued in this Private Placement in the amount of \$1,646,067 was charged to share capital. The fair value of agent's warrants issued, in the amount of \$843, was also charged to share capital.
- (b) In March of 2010, 50,000 stock options were exercised at an exercise price of \$0.13 per option. The Company issued 50,000 Common Shares for net proceeds of \$6,490. Stock-based compensation costs amounting to \$5,355 were re-classified to share capital upon exercise of these options.
- (c) In April of 2010, 25,000 Purchase Warrants were exercised at an exercise price of \$0.20 per warrant. The Company issued 25,000 Common Shares for net proceeds of \$5,000. The fair value of the Purchase Warrants, in the amount of \$310, was also credited to share capital. In April and June of 2010, 75,300 agent's warrants were exercised at an exercise price of \$0.12 per warrant. The Company issued 75,300 Common shares for net proceeds of \$9,036. The fair value of the agent's warrants, in the amount of \$6,069, was also credited to share capital.



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capital. In August of 2010, 9,992 agent's warrants were exercised at an exercise price of \$0.15 per warrant. The Company issued 9,992 Common shares for net proceeds of \$1,499. The fair value of the agent's warrants, in the amount of \$1,119, was also credited to share capital.

- (d) On January 12, 2010, the Company granted 200,000 stock options exercisable at \$0.125 per share to a director and two advisory board members of the Company. On March 15, 2010 the Company granted 1,450,000 stock options exercisable at \$0.19 per share to employees. On July 28, 2010, the Company granted 4,000,000 stock options exercisable at \$0.208 per share to directors and employees. On September 22, 2010, the Company granted 700,000 stock options to an employee, exercisable at \$0.31 per share.
- (e) A total of 842,000 stock options were cancelled due to forfeiture or expiration during the period, including: 505,000 options with an exercise price of \$0.28 per option; 250,000 options with an exercise price of \$0.29 per option; 27,000 options with an exercise price of \$0.84 per option; and 60,000 options with an exercise price of \$0.96 per option.

The following table summarizes information about the warrants outstanding and exercisable as at September 30, 2010:

Number of Warrants	Exercise Price	Expiry Date
3,105,233	\$0.30	February 2011
122,700	\$0.18	February 2011
26,506,673	\$0.15	March 2011
6,208,000	\$0.30	August 2011
7,500	\$0.31	July 2012
19,047,225	\$0.31	July 2015
54,997,331		

The following table summarizes the information about stock options outstanding at September 30, 2010:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.00 to \$0.19	4,665,000	3.84	\$0.15
\$0.20 to \$0.39	7,580,000	2.83	\$0.25
\$0.40 to \$0.59	150,000	0.01	\$0.48
\$0.60 to \$0.79	300,000	0.90	\$0.60
\$0.80 to \$1.00	2,350,000	1.21	\$0.88
Total	15,045,000	2.83	\$0.33



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Share Data as of November 22, 2010

A total of 32,000 Common shares were issued in October 2010 pursuant to the exercise of agent's warrants with an exercise price of \$0.18 per share. In October, a total of 600,000 stock options with an exercise price of \$0.96 per share and 150,000 stock options with an exercise price of \$0.48 per share were forfeited. On October 4, 2010, 150,000 stock options were issued to a director. This option vests immediately and is exercisable into one Common share at an exercise price of \$0.34 per share, for a three year term. On October 4, 2010, the Company issued 500,000 stock options to a consulting firm recently appointed as the investor relations advisor for the Company. Pursuant to the services agreement, the options will be valid for 3 years at an exercise price of \$0.30 and one quarter of the options will vest every 3 months starting at issue date. In November 2010, a total of 98,000 stock options with an exercise price of \$0.96 per share expired. On November 5, 2010 and on November 18, 2010 a total of 300,000 Common shares were issued pursuant to the exercise of a consultant's stock options, with an exercise price of \$0.12 per share. On November 19, 2010, the Company issued 4,000,000 Common shares pursuant to the exercise of Purchase Warrants with an exercise price of \$0.15 per share. In November a total of 29,342 Common shares were issued pursuant to the exercise of agent's warrants. Of this total, 19,350 Common shares were issued pursuant to agent's warrants with an exercise price of \$0.18 and 9,982 Common shares were issued pursuant to agent's warrants with an exercise price of \$0.15 per share. As of November 22, 2010, the total number of stock options outstanding is 14,547,000 and the total Purchase Warrants and agent's warrants outstanding are 50,935,989. A total of 156,289,497 Common shares were issued and outstanding as of November 22, 2010.

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11. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

	For the Nine Months Ended September 30, 2010			For the Nine Months Ended September 30, 2009		
	Lobo	Archangel	Regional	Lobo	Archangel	Regional
BATANGAS PROJECTS						
General Exploration	-	15,208	34,980	7,974	22,244	(31,900)
Salaries & Benefits	609	5,948	13,869	3,225	947	44,501
Consulting & Prof. Fees	-	2,795	16,966	3,878	303	9,626
Legal & Accounting	-	1,044	75	78	85	28
Camp, Road Construction	-	-	16,329	-	-	-
Travel	-	2,118	27,694	-	223	742
Geology, Geophysics	-	288	145,259	-	-	-
Drilling	-	-	65,719	-	-	-
Mapping, Sampling	-	-	5,861	-	-	-
Acquisition Costs	-	-	46,833	33,896	11,298	112,988
Community, Environmental	-	4,173	9,277	-	584	5,162
Total additions	\$ 609	\$ 31,574	\$ 382,862	\$ 49,051	\$ 35,684	\$ 141,147
SURIGAO PROJECTS						
	Agata	Tapian		Agata	Tapian	
General Exploration	(46,793)	48,284		(29,331)	8,724	
Salaries & Benefits	58,184	57,189		257,495	88,269	
Consulting & Prof. Fees	896,512	24,111		8,693	77	
Legal & Accounting	23,222	185		153	16	
JV Partner's Share in Costs	226,017	4,051		109,628	31,275	
Camp, Road Construction	24,239	27,892		1,555	7	
Travel	101,773	10,424		12,499	907	
Geology, Geophysics	182,643	37,535		13,255	-	
Drilling	236,566	67,738		29,698	165	
Mapping, Sampling	16,109	6,695		537	670	
Acquisition Costs	21,603	36,013		12,226	-	
Community, Environmental	83,291	19,615		61,552	6,710	
Total additions	\$ 1,823,366	\$ 339,732		\$ 477,960	\$ 136,820	
OTHER PROJECTS						
	Pan de Azucar	Mat-I		Pan de Azucar	Mat-I	
General Exploration	14,041	(540)		1,789	33	
Salaries & Benefits	10,805	126		1,877	150	
Travel	967	(41)		351	59	
Mapping, Sampling	236	-		-	108	
Acquisition Costs	-	7,546		2,421	-	
Community, Environmental	3,595	(38)		-	-	
Total additions	\$ 29,644	\$ 7,053		\$ 6,438	\$ 350	

For a description of these mineral properties, please refer to Note 6 of the audited consolidated financial statements as at December 31, 2009.

12. FINANCIAL INSTRUMENTS

Fair value

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

Risk management

The Company may be exposed to risks of varying degrees associated with its financial instruments. The Company has not used derivative instruments, nor has it designated any hedging relationships to manage these risks. There has been no change to how the Company manages each of the below risks from the prior period. The principal risks to which the company is exposed are described below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company had \$2,595,156 in cash at September 30, 2010, on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk, deemed to be immaterial by management of the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and accounts receivable.

The majority of the Company's cash is held with major financial institutions in Canada and the Philippines. A significant portion of the Company's Canadian accounts receivable is due from the Canadian and other governments for the reimbursement of sales taxes. A significant portion of accounts receivable due to the Company's Philippine subsidiary and its wholly owned subsidiaries from a joint venture partner are reimbursed on a regular basis. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

Foreign currency risk

Business is transacted by the Company in three currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

The Company has not hedged its exposure to currency fluctuations.

Based on net exposures as at September 30, 2010, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Philippine peso would be insignificant in the Company's net earnings.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The Company's working capital, (current assets less current liabilities), at September 30, 2010 is \$2,166,716. The Company manages liquidity risk through management of its capital as disclosed in Section 12. As disclosed in Section 3, the continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. The Company may have to seek additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

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13. CAPITAL DISCLOSURE

The Company's objectives in managing its capital are to maintain adequate levels of funding to support its operations; to perform diverse mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit. In order to maintain or adjust its capital, the Company, upon approval from its Board of Directors, may undertake a private placement or any other activity deemed appropriate under the specific circumstances. The Board of Directors of the Company reviews and approves any material transactions out of the ordinary course of business, including proposals on joint ventures, acquisitions or other major investments or divestitures, as well as capital and operating budgets. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits.

The Company may, from time to time, invest in short-term and liquid financial instruments held with major financial institutions, or in marketable securities. The Company does not maintain a formal investing strategy. The Company has no externally imposed capital requirements.

The Company's capital consists of the items included in shareholders' equity.

14. OFF-BALANCE SHEET ARRANGEMENTS

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

15. EVENTS SUBSEQUENT TO SEPTEMBER 30, 2010

On October 1, 2010, 32,000 agent's warrants were exercised for gross proceeds of \$5,760. On October 4, 2010, the Company issued 150,000 stock options to a newly appointed director. This option vests immediately and is exercisable into one Common share at an exercise price of \$0.34 per share, for a three year term. On October 4, 2010, the Company issued 500,000 stock options to a consulting firm recently appointed as the investor relations advisor for the Company. Pursuant to the services agreement, the options will be valid for 3 years at an exercise price of \$0.30 and one quarter of the options will vest every 3 months starting at issue date. To facilitate the grant of stock options to the consulting firm, directors and executives agreed to forfeit 750,000 stock options previously issued. Of these, 150,000 options were priced at \$0.48 and scheduled to expire on October 5, 2010, and 600,000 options were priced at \$0.96 and scheduled to expire on November 2, 2010. On November 5, 2010 and on November 18, 2010 a total of 300,000 Common shares were issued pursuant to the exercise of a consultant's stock options for gross proceeds of \$36,000. In November a total of 29,342 Common shares were issued pursuant to the exercise of agent's warrants and gross proceeds amounted to \$4,982. In November 2010, a total of 98,000 stock options with an exercise price of \$0.96 per share expired. A total of 4,000,000 Common shares were issued on November 19, 2010 pursuant to the exercise of purchase warrants at an exercise price of \$0.15 per share. Gross proceeds amounted to \$600,000.

A prospectus was lodged with the Australian Securities and Investment Commission on October 22, 2010, for a capital raising of 8,000,000 Australian dollars ("AUD") and to undertake a secondary listing on the Australian Securities Exchange ("ASX"). The prospectus offering will consist of 40,000,000 CHESS Depository Interests ("CDIs") at a price of AUD 0.20 per CDI and is underwritten by E.L. & C. Baillieu Stockbroking Ltd., who will receive a commission of five percent of the gross proceeds raised under the prospectus offering. The Company has applied to list the CDIs on the ASX. Each CDI will be equivalent to and exchangeable for one Common share in the capital of the Company.

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The Company signed a subscription agreement with the International Finance Corporation ("IFC"), a member of the World Bank Group, for the purchase of ten million Common shares at a price of C\$0.20 per share, for gross proceeds of C\$2,000,000. The IFC's investment is being completed concurrent with and conditional upon the prospectus offering and is subject to final documentation and regulatory approval. The Company does not expect to issue any warrants or pay any commissions or finder's fees in connection with the IFC investment.

Closing of these transactions is expected to occur in early December of this year. All securities issued will be subject to a four-month statutory hold period in Canada and cannot be resold into Canada during such period, unless an exemption is available from the applicable prospectus requirements in Canada. However, the CDIs will be tradable on the ASX upon listing. The offering and the private placement are each subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approval, including the approval of the TSX Venture Exchange.

16. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) MINERAL PROPERTIES AND EXPLORATION COSTS

Mineral properties and exploration costs consist of expenditures related to exploration for mineral resources on a property by property basis. This comprises costs of exploration and mining rights acquisition, property option payments, geological, geochemical and geophysical surveys, drilling, labor, materials and supplies, professional fees, community relations, environmental management expenditures and others.

All costs related to the exploration and development of mineral properties are deferred on a property by property basis until commencement of commercial production or a write-down is considered necessary. The recoverability of the amounts recorded for mineral properties and deferred costs are dependent on the existence of economically recoverable reserves and future profitable production from the mineral properties.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated rights of ownership of all of the mineral concessions in which it has interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Incidental revenue derived from management fees from third parties are recorded first as a reduction of the specific mineral property and deferred costs to which the fees relate and any excess as a reduction to expenses in the consolidated financial statements of loss and comprehensive loss.

When properties are brought into commercial production, mineral properties and deferred costs related to a specific mine site will be amortized on a unit-of-production basis over economically recoverable reserves.

Mineral properties and deferred costs are written down when properties are abandoned or when cost exceeds net realizable value.

No provision for depletion of the amounts carried as mineral properties and deferred costs is included in the consolidated financial statements, as the properties are yet to reach commercial production.

(B) STOCK-BASED COMPENSATION

The Company has a stock option plan as described in Note 9 of the audited consolidated financial statements.



Management's Discussion and Analysis

For the Nine Months Ended September 30, 2010

Stock-based compensation granted to employees, directors, officers and non-employees is accounted for using a fair value method. Compensation expense is amortized over the vesting period of the options, with a corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital. Contributed surplus recognized as a result of granting options is credited to share capital when the options are exercised.

(C) FOREIGN CURRENCY TRANSLATION

The Company follows the temporal method when translating foreign currency transactions and the financial statements of its integrated subsidiary. Under this method, foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at the balance sheet date for monetary items and at the transaction date for non-monetary items. Revenues and expenses are translated at average exchange rates for the year. Exchange gains or losses on translation of current and non-current monetary items are included in the determination of the loss for the period.

(D) FUTURE ACCOUNTING CHANGES

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations (“Section 1582”), 1601 – Consolidated Financial Statements (“Section 1601”) and 1602 – Non-controlling Interests (“Section 1602”) which replaces CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time. The Company is assessing the impact of the new standards on its future reporting periods.

17. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company’s reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company’s accounting policies, information technology and data systems, internal controls over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation arrangements.



Management's Discussion and Analysis

For the Nine Months Ended September 30, 2010

The Company commenced the scoping and planning phase of its changeover plan in 2008. The appropriate resources have been designated to the project to develop an effective plan and will continue to assess resource and training requirements as the project progresses. The Company has identified the following three phases of its conversion plan: initial scoping and impact assessment analysis, evaluation and design, and implementation and review. The initial scoping and impact assessment analysis will aim to isolate the key areas that will be impacted by the transition to IFRS. To date the Company has substantially completed this phase. Throughout the second half of 2010, the evaluation and design phase will identify the specific changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS, the quantification of financial statement impact and the preparation of shell financial statements. The implementation and review phase will involve the design of business, reporting and system processes to support the compilation of IFRS compliant financial data for the opening balance sheet at January 1, 2010, fiscal 2010 and thereafter. Along with this, ongoing training, testing of the internal control environment and updated processes for disclosure controls and procedures will be required. In addition the review process will include sustainable IFRS compliant financial data and processes for fiscal 2011 and beyond. The Company will continue to monitor changes in IFRS throughout the duration the implementation process and assess their impacts on the organization and its reporting.

18. RISK AND UNCERTAINTIES

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company's property interests are located in relatively remote, less developed areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

Improved market conditions for resource commodities over the past year has seen an increased global demand for mining professionals, equipment and related goods and services needed by the mining community. Management believes that the overall commodity price outlook has improved due to the return of significant growth in China. A relatively weak U.S. dollar, supply concerns and growing interest in commodities as a bona fide asset class are additional positive factors.

In contrast to last year, industry participants are observing a return to strong demand for base metals based on a recovery in the levels of GDP growth in China and other developing countries seen before the recent global downturn. The supply response to this increased demand has been sluggish and physical base metal markets moved into deficit during the first six months of 2010. As a result there is upward pressure on prices for base metals like copper and nickel as well as for precious metals like gold and silver that also benefit from a depreciating US dollar.



Management's Discussion and Analysis

For the Nine Months Ended September 30, 2010

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

19. TRENDS

Trends in the industry can materially affect how well any junior exploration company is performing. Growth in the demand for metals in developed economies such as Europe and North America has declined but has increased markedly in developing Asian countries such as China and to a lesser extent India. Under current economic conditions, the Company's future development highly depends on its ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically recoverable reserves within its projects. The use of metals in China and India may have a positive impact on overall world demand. This overall trend may continue for some time.

Consolidated Balance Sheets (Unaudited)



MINDORO
RESOURCES LTD

(Expressed in Canadian Dollars, except where otherwise noted)

	<i>Note</i>	September 30, 2010	December 31, 2009
ASSETS			
CURRENT			
Cash		\$ 2,595,156	\$ 581,362
Restricted cash	3	199,118	442,771
Accounts receivable	4	181,976	133,684
Prepaid expenses and other current assets	5	97,191	47,128
		3,073,441	1,204,945
MINERAL PROPERTIES AND EXPLORATION COSTS	6	26,315,911	23,683,451
PROPERTY AND EQUIPMENT	7	278,444	195,101
		\$ 29,667,796	\$ 25,083,497
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		\$ 906,725	\$ 764,325
ACCRUED BENEFIT OBLIGATION		89,855	86,156
FUTURE INCOME TAXES		194,416	186,413
FUTURE CAPITAL SUBSCRIPTION IN SUBSIDIARIES	8	1,316,491	1,164,917
		2,507,487	2,201,811
SHAREHOLDERS' EQUITY			
Share capital	9	35,480,474	32,380,570
Contributed surplus	10	12,459,797	8,363,069
Deficit		(20,779,962)	(17,861,953)
		27,160,309	22,881,686
		\$ 29,667,796	\$ 25,083,497

SUBSEQUENT EVENTS (Note 17)

Consolidated Statements of Loss, Comprehensive Loss and Deficit (Unaudited)



MINDORO
RESOURCES LTD

(Expressed in Canadian Dollars, except where otherwise noted)

	Note	Quarter Ended September 30,		Nine Months Ended September 30,	
		2010	2009	2010	2009
REVENUE					
Interest		\$ 5,550	\$ 2,936	\$ 9,440	\$ 8,357
EXPENSES					
Administration		9,226	1,467	15,714	7,575
Advertising and promotion		41,830	11,528	84,612	32,340
Communications		13,845	6,372	32,736	19,640
Conferences and trade shows		17,568	3,201	45,236	19,445
Consulting and professional fees		306,250	9,686	400,684	31,524
Investor relations consultants		15,000	19,000	45,987	49,000
Listing fees and shareholder communications		7,110	2,091	27,137	20,113
Office, postage and sundry		43,971	18,276	79,155	47,433
Printing		389	224	5,218	1,686
Rent		16,128	15,780	47,206	69,919
Salaries and benefits	13	388,225	107,493	789,804	357,411
Stock based compensation - employees		658,732	285,280	912,279	760,482
Stock based compensation - consultants		-	5,511	12,583	32,040
Travel		169,010	8,877	362,361	48,917
Foreign exchange loss (gain)		51,084	(3,790)	83,045	(42,280)
Depreciation and amortization		17,842	37,828	40,491	70,777
		1,756,210	528,824	2,984,248	1,526,022
Loss on disposal of property and equipment		-	(19,391)	(173)	(27,281)
Gain on Settlement of Debt		32,873	-	57,706	-
Write down of mineral properties and exploration costs		(698)	-	(698)	-
		(1,718,485)	(545,279)	(2,917,973)	(1,544,946)
Provision for Future Income Tax (Expense) Recovery		(36)	-	(36)	-
Net loss and comprehensive loss		(1,718,521)	(545,279)	(2,918,009)	(1,544,946)
Deficit, beginning of period		(19,061,441)	(17,588,543)	(17,861,953)	(16,588,876)
Deficit, end of period		\$ (20,779,962)	\$ (18,133,822)	\$ (20,779,962)	\$ (18,133,822)
Basic and diluted loss per share - basic and diluted		\$ (0.012)	\$ (0.005)	\$ (0.022)	\$ (0.015)
Weighted average shares outstanding		148,405,546	104,062,138	132,467,795	101,413,751

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Consolidated Statements of Cash Flows (Unaudited)



MINDORO
RESOURCES LTD

(Expressed in Canadian Dollars, except where otherwise noted)

	Note	Quarter Ended September 30, 2010	2009	Nine Months Ended September 30, 2010	2009
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES					
OPERATING					
Net loss		\$ (1,718,521)	\$ (545,279)	\$ (2,918,009)	\$ (1,544,946)
Items not affecting cash					
Stock-based compensation - employees		658,732	285,280	912,279	760,482
Stock-based compensation - consultants		-	5,511	12,583	32,040
Depreciation and amortization		17,842	37,828	40,491	70,777
Provision (recovery) for future income tax expense		4,808	(36,423)	77,686	(90,436)
Unrealized foreign exchange gain		-	-	(69,683)	-
Accrued benefit obligation		2,223	(5,659)	3,699	(14,051)
Loss on disposal of property and equipment		-	19,391	173	27,281
Changes in non-cash working capital	11	310,939	(182,296)	44,045	(209,586)
		(723,977)	(421,647)	(1,896,736)	(968,439)
INVESTING					
Change in restricted cash		(52,835)	-	243,653	-
Expenditures on mineral properties and exploration costs		(1,388,551)	(235,201)	(2,600,545)	(620,281)
Proceeds from disposition of property and equipment		-	57,766	-	63,425
Acquisition of property and equipment		(86,984)	-	(142,741)	-
		(1,528,370)	(177,435)	(2,499,633)	(556,856)
FINANCING					
Issue of share capital, net of issuance costs		3,823,487	608,194	6,258,589	1,060,991
Deposits held for private placement		(636,179)	-	-	-
Cash received for future capital subscriptions		(34,428)	-	151,574	-
		3,152,880	608,194	6,410,163	1,060,991
INCREASE (DECREASE) IN CASH		900,533	9,112	2,013,794	(464,304)
CASH, BEGINNING OF PERIOD		1,694,623	914,482	581,362	1,387,898
CASH, END OF PERIOD		\$ 2,595,156	\$ 923,594	\$ 2,595,156	\$ 923,594
Non Cash Investing/Financing Activities					
Common shares issued for mineral properties		-	-	-	750,000
Stock-based compensation charged to mineral properties		13,181	9,280	13,181	18,528
Depreciation charged to mineral properties		6,841	5,868	18,734	32,472
Fair value of warrants issued		1,646,910	-	3,171,539	-
Fair value of options exercised		-	-	(5,355)	-
Fair value of warrants exercised		(1,119)	-	(7,498)	-
Supplemental cash flow information					
Interest received		5,550	519	9,440	5,940
Income taxes paid		(68)	-	(109)	-

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 2010



MINDORO
RESOURCES LTD

1. NATURE OF OPERATIONS AND GOING CONCERN

Mindoro Resources Ltd.'s (the "Company" or "Mindoro") principal activity is the acquisition, exploration and development of mineral properties in the Philippines. To date, no mineral development projects have been completed and commercial production has not commenced.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, an underlying assumption being that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The continued existence of the Company is dependent upon its ability to obtain additional sources of financing or negotiate appropriate farm-in arrangements, to fund current and future exploration and administrative expenditures, to meet obligations to preserve its interests in existing mineral properties and to achieve commercial production and positive cash flows from operations. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern.

The Company experienced a decline in its share price during 2008 and stagnant during 2009. This situation caused management to reevaluate plans to pursue additional sources of funding. Management's amended plans include continuing to pursue financing through equity offerings, the exercise of outstanding warrants and seeking joint venture partners to fund exploration. In 2010, the share price has increased during the first nine months and such improvement has resulted in the exercise of stock options and purchase warrants. As disclosed in Notes 9 and 17, the Company has closed two private placements this year. As a result of these actions, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the next twelve months.

If the going concern assumption was not appropriate to these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities and reported revenues and expenses.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) PRINCIPLES OF CONSOLIDATION

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

(B) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks, on hand and cash deposited in term deposits, with original terms to maturity of less than 90 days. As at September 30, 2010 the Company had no cash equivalents.

(C) MINERAL PROPERTIES AND EXPLORATION COSTS

Mineral properties and exploration costs consist of expenditures related to exploration for mineral resources on a property by property basis. This comprises costs of exploration and mining rights acquisition, property option payments, geological, geochemical and geophysical surveys, drilling, labor, materials and supplies, professional fees, community relations, environmental management expenditures and others.

All costs related to the exploration and development of mineral properties are deferred on a property by property basis until commencement of commercial production or a write-down is considered necessary.

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 2010



MINDORO
RESOURCES LTD

The recoverability of the amounts recorded for mineral properties and deferred costs are dependent on the existence of economically recoverable reserves and future profitable production from the mineral properties.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated rights of ownership of all of the mineral concessions in which it has interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Incidental revenue derived from management fees from third parties are recorded first as a reduction of the specific mineral property and deferred costs to which the fees relate and any excess as a reduction to expenses in the consolidated financial statements of loss and comprehensive loss.

When properties are brought into commercial production, mineral properties and deferred costs related to a specific mine site will be amortized on a unit-of-production basis over economically recoverable reserves.

Mineral properties and deferred costs are written down when properties are abandoned or when cost exceeds net realizable value.

No provision for depletion of the amounts carried as mineral properties and deferred costs is included in the consolidated financial statements, as the properties are yet to reach commercial production.

(D) PROPERTY AND EQUIPMENT

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the company. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Property and equipment are amortized over the estimated useful life of each asset using the following annual rates and methods:

Computer Hardware and Software	30 percent declining balance
Vehicles and Field Equipment	20 percent straight-line
Office Equipment & Furnishings	20 percent declining balance
Leasehold Improvements	straight-line over the lease term

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of its carrying amount to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds its fair value. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 2010



MINDORO
RESOURCES LTD

(E) STOCK-BASED COMPENSATION

The Company has a stock option plan as described in Note 9.

Stock-based compensation granted to employees, directors, officers and non-employees is accounted for using a fair value method. Compensation expense is amortized over the vesting period of the options or as earned, with a corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital. Contributed surplus recognized as a result of granting options is credited to share capital when the options are exercised.

(F) INCOME TAXES

Income taxes are accounted for using the liability method of income tax allocation. Under the liability method, income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from temporary differences between the carrying values of balance sheet items and their corresponding tax bases. Income tax assets are also recognized for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities, provided those benefits are more likely than not to be realized. Future income tax assets and liabilities are determined based on the enacted or substantively enacted tax laws and rates that are anticipated to apply in the period of realization. The effect on future income tax assets and liabilities from a change in tax rates is recognized in the period of enactment or substantive enactment.

(G) PER SHARE AMOUNTS

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated by dividing the aggregate net loss for the period by the total weighted average number of shares outstanding at the end of the period.

(H) MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include assessing the recoverability of mineral properties and exploration costs, recoverability and amortization of property and equipment, stock-based compensation, future income tax, asset retirement obligations and employee future benefits. Actual results could differ from those estimates.

(I) FOREIGN CURRENCY TRANSLATION

The Company follows the temporal method when translating foreign currency transactions and the financial statements of its integrated subsidiary. Under this method, foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at the balance sheet date for monetary items and at the transaction date for non-monetary items. Revenues and expenses are translated at average exchange rates for the period in which they were earned or incurred. Exchange gains or losses on translation of current and non-current monetary items are included in the determination of the loss for the period.

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 2010



MINDORO
RESOURCES LTD

(J) EMPLOYEE FUTURE BENEFITS

As a requirement under Philippines law, the Company's wholly-owned subsidiary, MRL Gold Phils., Inc., has an unfunded, defined benefit retirement plan covering the retirement, separation, death and disability benefits of all its eligible employees. The Company has adopted the following policies:

- i. The cost of the accrued benefit obligations for pensions earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages and other actuarial factors.
- ii. Past service costs from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.
- iii. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10 percent of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.
- iv. When a restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

(K) FINANCIAL INSTRUMENTS

The Company classifies its financial instruments into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets and other financial liabilities as outlined below:

Financial instrument Classification	As classified by the Company	Initial and subsequent measurement
Assets or liabilities held for trading	Cash Restricted cash	Fair value; realized and unrealized gains and losses recognized in net income
Loans and receivables	Accounts receivable	Initially recorded at fair value and measured subsequently at amortized cost using the effective interest rate method
Other financial liabilities	Accounts payable and accrued liabilities	Initially recorded at fair value and measured subsequently at amortized cost using the effective interest rate method

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value represents a point-in-time measurement that may change in subsequent reporting periods due to market conditions or other factors.

The trade date is used to account for regular way purchase or sale contracts.

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 2010



MINDORO
RESOURCES LTD

Transaction costs relating to financial assets and liabilities classified as other than held-for-trading are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the instrument using the effective interest method. The effective interest method calculates the amortized cost of a financial asset or liability and allocates the interest income or expense over the term of the financial asset or liability using an effective interest rate.

Derivative financial instruments, including non-financial derivatives, are classified as held-for-trading and measured at fair value unless designated as hedging instruments or exempted from derivative treatment as a normal purchase or sale. Certain derivatives embedded in other contracts, are separated from the host contract and measured at fair value when the risks and characteristics are not closely related to the host contract and the host contract is not recorded at fair value. At September 30, 2010, the Company was not party to any material derivative instruments or embedded derivatives, nor had it designated any hedging relationships.

(L) FUTURE ACCOUNTING CHANGES

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations (“Section 1582”), 1601 – Consolidated Financial Statements (“Section 1601”) and 1602 – Non-controlling Interests (“Section 1602”) which replaces CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time. The Company is assessing the impact of the new standards on its future reporting periods.

3. RESTRICTED CASH

Restricted cash includes funds advanced by a joint venture partner to two wholly owned Philippine subsidiaries of MRL Gold Phils., Inc. The cash will be used for exploration expenditures on the joint venture properties under permit in the Batangas region by the two subsidiaries during the earn-in phases of the joint venture agreements.

4. ACCOUNTS RECEIVABLE

Accounts receivable includes input tax credits receivable of \$29,217 (2009 - \$11,712), advances for employee expenditures \$50,540 (2009 - \$6,311), advances to a drilling contractor of \$62,537 (2009 - \$nil), reimbursements receivable from a joint venture partner for \$16,259 (2009 - \$21,536), and sundry other amounts receivable.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses include sundry refundable deposits for office space, travel and memberships, in the amount of \$97,191 (2009 - \$103,974).

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 2010



MINDORO
RESOURCES LTD

6. MINERAL PROPERTIES AND EXPLORATION COSTS

Project	Balance		Balance		Balance
	December 31, 2008	Expenditures	December 31, 2009	Expenditures	
Agata	\$ 5,475,607	\$ 845,026	\$ 6,320,633	\$ 1,823,366	\$ 8,143,999
Tapián	2,531,284	139,789	2,671,073	339,732	3,010,805
Mat-I	69,541	6,668	76,209	7,053	83,262
Pan de Azúcar	661,318	24,573	685,891	29,644	715,535
Batangas	2,611,794	1,406,237	4,018,031	382,862	4,400,893
Lobo	2,577,104	171,427	2,748,531	609	2,749,140
Archangel	6,890,983	60,782	6,951,765	31,574	6,983,339
	20,817,631	2,654,502	23,472,133	2,614,840	26,086,973
Royalty Deposits	176,260	35,058	211,318	17,620	228,938
	\$ 20,993,891	\$ 2,689,560	\$ 23,683,451	\$ 2,632,460	\$ 26,315,911

On a quarterly basis, management of the Company reviews exploration costs to ensure deferred expenditures included only costs and projects that are eligible for capitalization. For a description of the mineral properties, refer to Note 6 of the audited consolidated financial statements as at December 31, 2009.

7. PROPERTY AND EQUIPMENT

	September 30, 2010			December 31, 2009		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Computer hardware	\$ 111,521	\$ 66,986	\$ 44,535	\$ 92,949	\$ 56,637	\$ 36,312
Computer software	145,014	102,606	42,408	136,213	91,393	44,820
Vehicles	159,422	61,364	98,058	111,827	43,394	68,433
Field equipment	55,781	36,187	19,594	39,119	26,459	12,660
Office equipment & furnishings	117,120	52,294	64,826	76,114	44,663	31,451
Leasehold improvements	90,932	81,909	9,023	81,111	79,686	1,425
	\$ 679,790	\$ 401,346	\$ 278,444	\$ 537,333	\$ 342,232	\$ 195,101

8. FUTURE CAPITAL SUBSCRIPTION IN SUBSIDIARIES

Deposit for future capital subscription in subsidiaries includes funds received from a joint venture partner as payment for future subscription of shares in Philippine subsidiaries that are wholly owned by the Company. During the earn-in periods and in accordance with expenditure requirements agreed upon for three joint venture exploration projects on properties under permit to the Company subsidiaries, the joint venture partner may earn up to a 75 percent interest in each of the three projects by solely funding exploration and a feasibility study on each project, as described in Note 6 of the audited consolidated financial statements as at December 31, 2009.

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9. SHARE CAPITAL

Authorized

Unlimited number of common shares

Unlimited number of preferred shares

	Note	September 30, 2010		December 31, 2009	
		Number	Amount	Number	Amount
Issued					
Common shares					
Balance, beginning of year		107,720,638	\$ 32,380,570	90,757,405	\$31,273,311
Issued pursuant to private placements	a, e	44,047,225	3,065,026	9,338,233	388,023
Issued upon exercise of stock options	b	50,000	11,845	-	-
Issued for mining properties		-	-	7,500,000	746,687
Warrant term extension and price amendment		-	-	-	(69,986)
Issued upon purchase warrant exercised	c, d, f	110,292	23,033	125,000	42,535
Balance, end of period		151,928,155	\$ 35,480,474	107,720,638	\$32,380,570
Common share purchase warrants					
Balance, beginning of year				18,614,534	
Issued pursuant to private placements	a, e	45,571,390		9,536,233	
Exercised	c, d, f	(110,292)		(125,000)	
Expired		-		(18,489,534)	
Balance, end of period		54,997,331		9,536,233	

- In March of 2010, pursuant to a Private Placement, the Company issued 25,000,000 Units at \$0.105 per Unit for gross proceeds of \$2,625,000 less finders' fees and other costs of \$201,700. Each Unit consisted of one Common Share and one Common Share Purchase Warrant ("March 2010 Warrant"). Each Purchase Warrant allows the holder to purchase one additional Common Share at a price of \$0.15 for a period of one year from the close of the Private Placement. A total of 25,000,000 March 2010 Warrants and 1,516,665 agent's warrants were issued pursuant to this Private Placement. Each agent's warrant is exercisable at \$0.15 for one Common Share. The fair value of March 2010 Warrants issued in this Private Placement in the amount of \$1,354,778 was charged to share capital. The fair value of agent's warrants issued, in the amount of \$169,851, was also charged to share capital.
- In March of 2010, 50,000 stock options were exercised at an exercise price of \$0.13 per option. The Company issued 50,000 Common Shares for net proceeds of \$6,490. Stock-based compensation costs amounting to \$5,355 were re-classified to share capital upon exercise of these options.
- In April of 2010, 25,000 Purchase Warrants were exercised at an exercise price of \$0.20 per warrant. The Company issued 25,000 Common Shares for net proceeds of \$5,000. The fair value of the Purchase Warrants, in the amount of \$310, was also credited to share capital.
- In April and June of 2010, 75,300 agent's warrants were exercised at an exercise price of \$0.12 per warrant. The Company issued 75,300 Common Shares for net proceeds of \$9,036. The fair value of the agent's warrants, in the amount of \$6,069, was also credited to share capital.
- In July of 2010 and pursuant to a Private Placement, the Company, issued 19,047,225 Units at \$0.208 per Unit for gross proceeds of \$3,965,870 less finders' fees and other costs of \$152,606. Each Unit consisted of one Common share and one Common share Purchase Warrant ("July 2010 Warrant"). Each Purchase



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years from the close of the Private Placement. A total of 19,047,225 July 2010 Warrants and 7,500 agent's warrants were issued pursuant to this Private Placement. Each agent's warrant is exercisable at \$0.31 for one Common share. The fair value of July 2010 Warrants issued in this Private Placement in the amount of \$1,646,067 was charged to share capital. The fair value of agent's warrants issued, in the amount of \$843, was also charged to share capital.

- f. In August of 2010, 9,992 agent's warrants were exercised at an exercise price of \$0.15 per warrant. The Company issued 9,992 Common Shares for net proceeds of \$1,499. The fair value of the agent's warrants, in the amount of \$1,119, was also credited to share capital.

The following table summarizes information about the warrants outstanding and exercisable as at September 30, 2010:

September 30, 2010			December 31, 2009		
Number of Warrants	Exercise Price	Expiry Date	Number of Warrants	Exercise Price	Expiry Date
3,105,233	0.30	February 2011	6,233,000	0.20	August 2010
122,700	0.18	February 2011	3,105,233	0.30	February 2011
26,506,673	0.15	March 2011	122,700	0.18	February 2011
6,208,000	0.30	August 2011	75,300	0.12	August 2011
7,500	0.31	July 2012			
19,047,225	0.31	July 2015			
54,997,331			9,536,233		

The grant date fair value of the warrants are recorded as an increase to contributed surplus and a decrease to share capital as an issuance cost of each private placement. The fair value of common share purchase warrants is estimated at the grant date using the Black-Scholes pricing model. The warrants issued in the first nine months of 2010 were valued using the following weighted average assumptions:

	2010	2009
Risk Free Interest Rate	1.61%	1.30%
Expected Life	2.67 years	1.67 years
Expected Volatility	131%	145%
Expected Dividend	-	-

The Company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan may not exceed 10 percent of the issued and outstanding Common Shares. The Board of Directors shall determine the terms and provisions of the options at the time of grant.

The expiry date of the options granted may not exceed ten years from the date of grant. The options issued to employees in the first quarter of 2009 vest over one year. Options issued to a consultant in the third quarter of 2009 vest over one year. The options issued to employees, directors and officers in the first nine months of 2010 vest immediately. The exercise price of each option shall not be less than the price permitted by any stock exchange on which the Common Shares are then listed. The following table summarizes the status of the Company's stock option plan:

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	September 30, 2010		December 31, 2009	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of period	9,587,000	\$ 0.41	7,145,500	\$ 0.54
Issued	6,350,000	0.21	3,015,000	0.13
Exercised	(50,000)	0.13	-	0.00
Expired	(705,000)	0.28	(50,000)	0.23
Forfeited	(137,000)	0.69	(523,500)	0.67
Outstanding at end of period	15,045,000	0.33	9,587,000	0.41
Options exercisable at end of period	15,045,000	\$ 0.33	9,312,000	\$ 0.41

On January 12, 2010, the Company granted 200,000 stock options exercisable at \$0.125 per share to a director and two advisory board members of the Company. On March 15, 2010 the Company granted 1,450,000 stock options exercisable at \$0.19 per share to employees. On July 28, 2010, the Company granted 4,000,000 stock options exercisable at \$0.208 per share to directors and employees. On September 22, 2010, the Company granted 700,000 stock options to an employee, exercisable at \$0.31 per share.

Compensation cost for the period of \$924,862(2009 - \$792,522) was recorded as stock-based compensation expense. Compensation cost for the year of \$13,181 (2009 - \$18,528) was recorded as mineral exploration expense. As these were non-cash transactions, they are not reflected in the consolidated statements of cash flows.

The weighted average fair value of options issued in the first nine months of 2010 on the date of grant was \$0.15 per stock option (2009 - \$0.11). The fair value of stock options is estimated at the grant date using the Black-Scholes pricing model based on the following ranges of assumptions:

	Nine Months Ended September 30	
	2010	2009
Risk Free Interest Rate	1.64%	2.35%
Expected Life	3.52 years	4.70 years
Expected Volatility	129%	119%
Expected Dividend	-	-
Expected Forfeitures	-	-

The following table summarizes stock options outstanding:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.00 to \$0.19	4,665,000	3.84	\$0.15
\$0.20 to \$0.39	7,580,000	2.83	\$0.25
\$0.40 to \$0.59	150,000	0.01	\$0.48
\$0.60 to \$0.79	300,000	0.90	\$0.60
\$0.80 to \$1.00	2,350,000	1.21	\$0.88
Total	15,045,000	2.83	\$0.33

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10. CONTRIBUTED SURPLUS

	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Balance, beginning of period	\$ 8,363,069	\$ 6,835,341
Stock based compensation	938,043	821,679
Stock options exercised	(5,356)	-
Agent's warrants issued	170,694	18,245
Agent's warrants exercised	(7,188)	-
Purchase warrants issued	3,000,845	642,353
Purchase warrants exercised	(310)	(23,785)
Purchase warrants price amendment	-	69,236
Balance, end of period	\$ 12,459,797	\$ 8,363,069

11. OTHER INFORMATION

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

	Nine Months Ended September 30	
	<u>2010</u>	<u>2009</u>
Accounts receivable	\$ (48,292)	\$ 1,031
Prepaid expenses and other current assets	(50,063)	(214,845)
Accounts payable and accrued liabilities	142,400	4,228
	\$ 44,045	\$ (209,586)

12. RELATED PARTY TRANSACTIONS

- a. Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron") in August 2009, Baron agreed to act as corporate advisor and provide a Chief Financial Officer of the Company in return for a monthly fee. Baron's agreement was amended in September 2010 and now only provides corporate advisory services. During the first nine months of 2010, the Company recorded \$58,500 in fees for Baron (2009 - \$13,000).
- b. As at September 30, 2010, accounts payable and accrued liabilities includes \$nil (2009- \$151,460) of salaries and benefits owing to one officer of the Company.
- c. As at September 30, 2010, accounts receivable includes personal advances due to the Company of \$22,000 (2009 - \$nil) advanced to one officer of the Company. The advances were repaid in October.
- d. In the first nine months of 2010, the Company granted 5.6 million stock options (2009- 2.27 million stock options) to officers and directors of the Company.
- e. Pursuant to a management consulting services agreement with Climie Exploration Consulting, Inc. (CEC) in March 2010, CEC provided the services of the individual to act as Chief Operating Officer of the Company and as President of a Subsidiary of the Company. During the first nine months of 2010, the Company recorded \$210,000 in fees for CEC (2009 - \$nil).

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

13. SALARIES AND BENEFITS

Salaries & benefits expense includes salaries and benefits for employees and officers of the Company. The expense includes \$789,804 (2009- \$205,951) in paid salaries and benefits and \$nil (2009- \$151,460) in salaries and benefits payable.

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14. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition, exploration and development of mineral properties in the Philippines through its wholly-owned subsidiary, MRL Gold Phils., Inc. The Company's administrative offices are located in Edmonton, Canada and Melbourne, Australia.

Geographical information is as follows:

	As at September 30, 2010		As at December 31, 2009	
	Mineral Properties & Exploration	Property & Equipment	Mineral Properties & Exploration	Property & Equipment
Philippines	\$ 26,315,911	\$ 226,730	\$ 23,683,451	\$ 166,020
Canada	-	23,843	-	29,081
Australia	-	27,871	-	-
	\$ 26,315,911	\$ 278,444	\$ 23,683,451	\$ 195,101

15. FINANCIAL INSTRUMENTS

Fair value

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

Risk management

The Company may be exposed to risks of varying degrees associated with its consolidated financial instruments. The Company has not used derivative instruments, nor has it designated any hedging relationships to manage these risks. There has been no change to how the Company manages each of the below risks from the prior period. The principal risks to which the company is exposed are described below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company had \$2,595,156 in cash at September 30, 2010, on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk, deemed to be immaterial by management of the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and accounts receivable.

The majority of the Company's cash is held with major financial institutions in Canada and the Philippines. A significant portion of the Company's Canadian accounts receivable is due from the Canadian and other governments for the reimbursement of sales taxes. A significant portion of accounts receivable due to the Company's Philippine subsidiary and its' wholly owned subsidiaries are due from a joint venture partner. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

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Foreign currency risk

Business is transacted by the Company in three currencies. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company's results in either a positive or negative direction.

The Company has not hedged its exposure to currency fluctuations. At September 30, 2010 and December 31, 2009, the Company is exposed to currency risk through the following assets and liabilities in Philippine Pesos:

	<u>September 30, 2010</u>	<u>December 31, 2009</u>
	<u>Philippine Pesos</u>	<u>Philippine Pesos</u>
Cash	24,534,574	21,278,191
Amounts receivable	(1,486,891)	5,409,550
Accounts payable	(17,383,396)	(21,795,457)
	<u>5,664,287</u>	<u>4,892,284</u>

Based on net exposures as at September 30, 2010, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the Philippine peso would be insignificant in the Company's net earnings.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The Company's working capital, (current assets less current liabilities), at September 30, 2010 is \$2,166,716. The Company manages liquidity risk through management of its capital as disclosed in Note 16. As disclosed in Note 1, the continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. The Company may have to seek additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

16. CAPITAL DISCLOSURE

The Company's objectives in managing its capital are to maintain adequate levels of funding to support its operations; to perform diverse mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit. In order to maintain or adjust its capital, the Company, upon approval from its Board of Directors, may undertake a private placement or any other activity deemed appropriate under the specific circumstances. The Board of Directors of the Company reviews and approves any material transactions out of the ordinary course of business, including proposals on joint ventures, acquisitions or other major investments or divestitures, as well as capital and operating budgets. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits.

The Company may, from time to time, invest in short-term and liquid financial instruments held with major financial institutions, or in marketable securities. The Company does not maintain a formal investing strategy. The Company has no externally imposed capital requirements.

The Company's capital consists of the items included in shareholders' equity.

17. SUBSEQUENT EVENTS

- a) On October 1, 2010, 32,000 agent's warrants were exercised for gross proceeds of \$5,760.

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- b) On October 4, 2010, the Company issued 150,000 stock options to a newly appointed director. This option vests immediately and is exercisable into one Common share at an exercise price of \$0.34 per share, for a three year term.
- c) On October 4, 2010, the Company issued 500,000 stock options to a consulting firm recently appointed as the investor relations advisor for the Company. Pursuant to the services agreement, the options will be valid for 3 years at an exercise price of \$0.30 and one quarter of the options will vest every 3 months starting at issue date. To facilitate the grant of stock options to the consulting firm, directors and executives agreed to forfeit 750,000 stock options previously issued. Of these, 150,000 options were priced at \$0.48 and scheduled to expire on October 5, 2010, and 600,000 options were priced at \$0.96 and scheduled to expire on November 2, 2010.
- d) On October 22, 2010, a prospectus was lodged with the Australian Securities and Investment Commission for a capital raising of 8,000,000 Australian dollars (“AUD”) and to undertake a secondary listing on the Australian Stock Exchange (“ASX”). The prospectus offering will consist of 40,000,000 CHESS Depository Interests (“CDIs”) at a price of AUD 0.20 per CDI and is underwritten by E.L. & C. Baillieu Stockbroking Ltd., who will receive a commission of five percent of the gross proceeds raised under the prospectus offering. The Company has applied to list the CDIs on the ASX. Each CDI will be equivalent to and exchangeable for one Common Share in the capital of the Company. The Company signed a subscription agreement with the International Finance Corporation (“IFC”), a member of the World Bank Group, for the purchase of ten million Common shares at a price of C\$0.20 per share, for gross proceeds of C\$2,000,000. The IFC’s investment is being completed concurrent with and conditional upon the prospectus offering and is subject to final documentation and regulatory approval.
- e) On November 5, 2010 and on November 18, 2010 a total of 300,000 Common shares were issued pursuant to the exercise of a consultant’s stock options for gross proceeds of \$36,000. In November a total of 29,342 Common shares were issued pursuant to the exercise of agent’s warrants and gross proceeds amounted to \$4,982. In November 2010, a total of 98,000 stock options with an exercise price of \$0.96 per share expired.
- f) A total of 4,000,000 Common shares were issued on November 19, 2010 pursuant to the exercise of Purchase Warrants at an exercise price of \$0.15 per share. Gross proceeds amounted to \$600,000.