MINDORO
RESOURCES LTD

Interim Consolidated Financial Statements

(Unaudited)

For the Three Months Ended March 31, 2010

(Expressed in Canadian Dollars, Except Where Otherwise Noted)

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

1. GENERAL

This discussion and analysis of financial position and results of operation is prepared as at May 28, 2010, and should be read in conjunction with the unaudited consolidated financial statements for the three months ended March 31, 2010 and March 31, 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 disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised as a result of new information, future events or otherwise.

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 experienced a decline in its share price during the previous year, along with capital markets in general. This decline 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 March 31, 2010 consolidated financial statements, on March 3, 2010, the Company closed a private placement for gross proceeds of $2,625,000. In 2010, the share price has risen during the first quarter and the increase has resulted in the exercise of stock options and purchase warrants. 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.

4. OVERVIEW OF EXPLORATION ACTIVITIES

The Company's mineral exploration projects are located in the Agusan del Norte, Surigao del Norte (jointly the Surigao District), Iloilo and Batangas Provinces of the Philippines. 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 EP 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 March 31, 2010, the Company had $9,213,553 in exploration expenditures recorded to the Surigao Projects, including expenditures of $145,638 in the first quarter of 2010.

Nickel Laterite Exploration Target

Significant advancements in the first quarter for the Agata North nickel laterite project included release of an exploration target ("Exploration Target") on new areas of nickel laterite mineralization to the north of the current resource.

The regional exploration target was established from a total of 125 hand auger holes and 438 assays, which were completed in 2009. The program was conducted to identify additional nickel laterite areas at least 3m thick and approximately 1% nickel. Thicknesses and nickel grades within an economically relevant range were utilized in deriving an Exploration Target, as described in the Company's January 11, 2010 press release, 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 auger was capable of penetrating only part of the upper limonite horizon and, rarely, the higher-grade saprolite horizon below. A conservative doubling of the thickness achieved by hand augering was utilized for thickness estimates. Nickel laterite boundaries were estimated from mapping and hand augering. A specific gravity factor of 1.24 was used for both limonite and saprolite.

Most of the laterite areas are within two to three kilometers of the ocean, and limestone, an important component of acid-leach processing technologies, has been identified over significant areas on the projects. The Exploration Target covers approximately 900 hectares and the Agata North resource about 300 hectares.

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.

Nickel Laterite Options Study

Subsequent to the year end, the Company commissioned a study (the "Options Study") to examine the range of development and processing options available and comment on their applicability to the Agata nickel laterite resource and the Surigao regional nickel laterite Exploration Target. The Options Study was authored by Boyd Willis of Boyd Willis Hydromet Consulting in Brisbane, Australia.

As disclosed in the Company's press release on March 15, 2010, the Options Study examined six options for first stage development and processing as well as several hybrid options. These included a Direct Shipping 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 are that a DSO operation focused on a higher grade component of the limonite resource, while not optimising value from the resource, offers an opportunity for early cash flow and could be integrated into a staged atmospheric leach with saprolite neutralization followed by HPAL project treating the much larger low grade (>0.9% Nickel) limonite target.

Preliminary DSO Work

A detailed infill drilling program had commenced on the Agata Nickel Project in April 2010 with planned 2,500m to 3,000m utilizing four diamond drilling rigs.

The diamond drilling program is designed to define DSO nickel-iron limonite (>1% Nickel, >45% Iron) for the Chinese nickel-pig iron market and high grade transition to saprolite ore (>1.4% Nickel) for Chinese Electric Arc Furnace and/or other acid leach or ferronickel processing facilities in Australasia. Results of the drilling, combined with mine planning information, will allow preparation of an NI 43-101 Mineral Reserve statement.

As of May 21, 2010, 91 holes have been completed with an aggregate of 1,697 meters. Initial results for 322 core assays representing 294 meters in 16 holes were released on May 20, 2010. The average grades and thicknesses of significant intercepts are as below:

- The limonite horizon averages 1.19 % nickel, 0.13% cobalt and 47% iron over an average thickness of 4.60m. The peak thickness and grade intercept is AGL 376 - 10.25m @ 1.41% Ni, 0.11% Co from 1.30m depth.

- The underlying saprolite horizon averages 1.24% nickel over an average thickness of 7.48m. The peak thickness and grade saprolite intercepts are AGL378 – 16.75m @ 1.26 % Ni from 2.50m and AGL 395 – 14.55 @ 1.38 % Ni from 9.0m.

The results to date include grades and thicknesses consistent with those previously reported. These continue to be of potential economic interest as potential DSO nickel-iron limonite (>1% Nickel, >45% Iron) for the Chinese nickel-pig iron market and high grade transition to saprolite ore (>1.4% Nickel) for Chinese Electric Arc Furnace ("EAF") and/or other acid leach or ferronickel processing facilities in Australasia.

The DSO ore reserve and mine planning information, to be finalized by July 2010, will form part of a submission to the MGB to achieve Declaration of Mining Feasibility, allowing financing and commencement of construction of a DSO nickel laterite project, conceptually planned to produce one to two million wet metric tonnes ("WMT") of laterite DSO per annum.

Following the DSO detailed definition program, Mindoro will commence drilling the regional nickel laterite exploration target in order to convert a significant proportion of the 50 million to 70 million dry metric tonnes ("DMT") @ 0.9% to 1.2% nickel Exploration Target to NI 43-101 compliant Mineral Resource.

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.

Scoping Study Commenced on Large Scale Processing Operation

A scoping study and metallurgical testing program for a large scale integrated nickel laterite processing operation also commenced subsequent to the year end. The scoping study will consider a staged development commencing with a DSO then saprolite atmospheric leaching operation, as well as a major integrated HPAL / Atmospheric Leach / Saprolite Neutralization project. Boyd Willis Hydromet Consulting in Brisbane, Australia, will coordinate and produce the study, and is scheduled for completion by July 2010.

Agata Copper-Gold – Drilling Confirms Promising Bulk-tonnage Gold Target and Porphyry Copper-Gold Potential

Drilling on the American Tunnels copper-gold targets and a program of underground sampling were completed at Agata in 2009 with results released on October 27, 2009, and January 22, 2010. The drill program, consisting of 1,166m in eight holes, The drill results and underground sampling have confirmed the potential for a near-surface bulk-tonnage gold target, as well as for porphyry copper-gold targets at deeper levels.

American Tunnels is a small erosional window through ultramafic cap rocks within an extensive, 6 km trend of strong Induced Polarisation ("IP") chargeability anomalies at Agata, associated with extensive alteration, geochemical anomalies, and abundant gold and copper-gold showings. There are over 100 shallow artisanal mines and workings within the trend, but mineralization is mostly obscured by ultramafic cap rock of variable thickness, and the nature of mineralization has been uncertain until now.

Drilling and underground sampling at American Tunnels confirmed widespread, near-surface, intrusive-related gold mineralization, demonstrating a promising bulk-tonnage gold target. Highlights of the drill program included:
- Hole 3: 15m of 2.32 grams per tonne (g/t) gold from 9.3m to 24.3m,
- Hole 5: 4.40m of 2.44 g/t gold from 41.8 to 46.2m, and
- Hole 7: 4.2m of 1.04 g/t gold from 20.3 to 24.5m.

Continuous rock chip sampling of accessible underground artisanal gold workings also returned encouraging results, including 24m of 2.48 g/t gold, 29.4m of 2.60 g/t gold, and 15.3m of 1.31 g/t gold.

Thick sections of anomalous copper were also intersected in all seven drill holes at American Tunnels, confirming the potential for porphyry copper-gold targets at depth and the porphyry copper-gold potential of the larger six kilometer target trend on Agata.

A significantly larger drill program is warranted at Agata, but will not be undertaken during 2010 as the Company initially focuses on advancing the nickel laterite resource. Agata occurs in a similar geological setting to the Anglo Boyungan and Bayugo porphyry copper-gold discoveries, and in the Surigao District, which are now being advanced towards production by Philex Mining Corporation.

BATANGAS PROJECTS, LUZON

Mindoro holds 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 March 31, 2010, the Company incurred $13,865,901 in exploration expenditures on the Batangas Projects, including expenditures of $147,574 in the first quarter of 2010.

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 (SWB 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.

Archangel Project: An Upgraded Resource Estimate

Under a Memorandum of Understanding dated September 22, 2008, Avocet Mining PLC ("Avocet") undertook to drill a minimum 1500m of diamond drilling as part of a six month due diligence program. The due diligence period was twice extended in order to accommodate Avocet drilling 2100m in 14 holes, in excess of its required minimum. In September 2009, Avocet advised that it would not be proceeding with further investment in the project. Final results from the 2009 drill program were released on January 21, 2010, and an upgraded resource estimate on March 5, 2010.

The new resource estimate demonstrates a 34% increase in grade, and a 22% increase in contained ounces relative to the previous estimate of February 6, 2008, as well as conversion of most of the resource to measured and indicated categories.

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 estimate was based on 200 drill holes (160 reverse circulation and 40 diamond drill holes) and was carried out by Avocet, and audited and verified by Dallas Cox, BE (Min), an independent qualified person as defined by NI 43-101.

Previous drilling by Mindoro, especially at deeper levels, encountered at least five steeply-dipping higher-grade zones with grades to 246 g/t gold and over 1,000 g/t silver. In its due diligence evaluation, Avocet took the pragmatic approach of shallow infill drill testing of projected up-dip extensions of these high-grade gold vein sets into a conceptual open-pit. The conceptual pit was centered on the near-surface low-grade stockwork mineralization. The high-grade vein sets, which are probably feeder zones to the gold system, do not extend into such shallow levels.

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. Interpreted porphyry copper-gold related mineralization was also previously intersected by Mindoro's drilling at depth.

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

El Paso, Lobo and Talahib Project: El Paso Drill Results

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 and continued with detailed geological, ground magnetic and geochemical surveys over the El Paso and Lobo Projects

Results of the El Paso drilling were released on February 1, 2010, and are summarized in the following table:

Hole ID	Prospect	From (m)	To (m)	Length (m)	Cu %	Au g/t	Ag g/t	Mo ppm
EPDD-001	El Paso Hill	6.00	48.20	42.20	0.50	0.04	2.3	72
Including				10.50	0.95	0.09	3.4	21
EPDD-002	El Paso Hill	43.45	63.30	19.85	0.29	0.04	2.2	52
Including				6.30	0.54	0.03	3.5	116
EPDD-003	Kay Tabla	42.60	50.20	7.60	0.23	0.05	2.8	26

EPDD-004	Talumpok	No meaningful results	-	-	-	-	-	-
EPDD-005	Calantas		-	-	-	-	-	-
EPDD-006	Mulawin	234.50	237.45	2.95	0.17	0.062	2.2	-

Mineralization in hole EPDD-001 is related to a 10.5 meter highly altered diorite porphyry dike with disseminated bornite and chalocopyrite, quartz veinlets, magnetite and anomalous molybdenum. The dike may be derived from a proximal porphyry copper-gold system. Gold Fields has advised it is planning a detailed follow-up drill program.

Soil and stream geochemical studies and geological mapping are being conducted by Gold Fields over the Lobo Project in preparation for the planned drilling program. The drill program has been postponed pending further drill target definition work and renewal of the exploration period for the MPSA. Targets at Lobo include additional drill testing of the Pica porphyry copper-gold system discovered by Mindoro.

5. RESULTS OF OPERATIONS

For the three months ended March 31, 2010

Interest revenue for the first quarter of 2010 was $768 compared to interest revenue of $4,154 for the first quarter of 2009. The Company had slightly higher cash balances in the current quarter than the same period in 2009, but bank interest rates continue to be much lower in the current quarter than in the first quarter of 2009.

The net loss for the first quarter of 2010 was $467,466 compared to a net loss of $530,612 for the first quarter of 2009. The company recorded higher advertising and promotion, salaries and benefits, and travel costs in the current quarter. However, rent, stock based compensation, and depreciation and amortization were lower in the current period than in the same period in 2009.

Advertising and promotion expense was $22,161 for the first quarter of 2010 compared to $6,348 in the same period in 2009. During the current quarter, advertising expenditures on corporate meetings and newswire services were considerably higher than during the same quarter in 2009.

Salaries and benefits expense during the first quarter of 2010 is $154,337 compared to $136,786 in the same period in 2009, resulting from increases in staffing and salaries in the current period.

Travel expense of $91,316 for the first quarter of 2010 was significantly higher than the same period ($17,589) in 2009. There was increased corporate travel within Canada and between Australia, the Philippines and Canada in the current period.

Rent expense was $13,247 in the first quarter of 2010 compared to $26,444 in the first quarter of 2009. In the second quarter of 2009, the Company reduced the office space and expense in the Philippines and has now acquired office space in Melbourne, Australia in March, 2010.

6. SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings (Loss)	Earnings (Loss) Per Share	Working Capital	Total Assets
March 31, 2010	$ (467,466)	$ (0.004)	$ 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
September 30, 2008	(643,895)	(0.007)	2,250,980	23,293,711
June 30, 2008	(559,587)	(0.006)	3,659,262	23,536,194

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

7. FINANCIAL CONDITION & LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of March 31, 2010, the Company's cash position was $2,429,866 up from $581,362 as at December 31, 2009. During the three months ended March 31, 2010 the Company received net proceeds of $2,423,803 from a private placement and exercised stock options.

Working capital at March 31, 2010, was $2,353,017 as compared to $440,620 at December 31, 2009.

Accounts receivable balance is $150,377 as of March 31, 2010 up from $133,684 as of December 31, 2009. Included in accounts receivable are input tax credits receivable of $13,499, reimbursements receivable from a joint venture partner for $82,696 and sundry other amounts receivable. Prepaid expenses increased in the period to $48,819 from $47,128 at the end of 2009. Prepaid expenses include deposits for memberships, travel, an investor relations program and sundry other prepaid expenses. The property and equipment balance of $185,657 has decreased from the December 31, 2009 balance of $195,101. Accounts payable and accrued charges of $496,862 at March 31, 2010 are significantly lower than the balance of $764,325 at December 31, 2009.

The total amount of mineral properties and exploration expenditures capitalized as of March 31, 2010, was $24,000,407 ($23,683,451 as at December 31, 2009).

In the first quarter of 2010, $95,753 was the net cash outflow on investing activities ($199,343 in the first quarter of 2009). Investing activities include: a reduction in restricted cash of $221,954 (2009 - $nil), expenditures on mineral properties and exploration of $311,483 ($211,817 in the first quarter of 2009), and Acquisition of property and equipment of $6,224 (2009 - $nil).

8. TRANSACTIONS WITH RELATED PARTIES

a. Lion Manager Pty Limited charged office rent in the amount of $1,540 to the Company. A director of the Company is the executive director of a subsidiary of Lion Manager Pty Limited.

b. 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 Chief Financial Officer of the Company in return for a monthly fee. During the first quarter of 2010, the Company recorded $19,500 in fees for Baron (2009 - $nil).

c. As at March 31, 2010, accounts payable and accrued liabilities includes $126,667 (2009- $55,333) of salaries and benefits owing to one officer of the Company.

d. Included in share capital are private placement issue costs of $73,500 paid as finders' fees to Lion Manager Pty Limited.

e. In the first quarter of 2010, the Company granted 1,650,000 stock options (2009- 100,000 stock options) to officers and directors of the Company.

9. CAPITAL STRUCTURE

Unlimited number of Common Shares
Unlimited number of Preferred Shares

Issued - Common shares	Number
Balance, December 31, 2009	107,720,638
Issued pursuant to private placements (a)	25,000,000
Issued upon exercise of stock options (b)	50,000
Balance, March 31, 2010	**132,770,638**
Common share purchase warrants	
Balance, December 31, 2009	9,536,233
Issued pursuant to private placements (a)	26,516,665
Balance, March 31, 2010	**36,052,898**
Stock options	
Balance, December 31, 2009	9,587,000
Issued (c)	1,650,000
Exercised (b)	(50,000)
Forfeited/expired (d)	(625,000)
Balance, March 31, 2010	**10,562,000**

(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 $207,687. Each Unit consisted of one Common Share and one Common Share Purchase Warrant ("Purchase Warrants"). Each Purchase Warrant entitles 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 Purchase 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.

(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) 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 $0.12 per share to employees.

(d) A total of 625,000 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; 50,000 options with an exercise price of $0.29 per option; 20,000 options with an exercise price of $0.84 per option; and 50,000 options with an exercise price of $0.96 per option.

The following table summarizes information about the warrants outstanding and exercisable as at March 31, 2010:

Number of Warrants	Exercise Price	Expiry Date
6,233,000	$0.20	August 2010
3,105,233	$0.30	February 2011
122,700	$0.18	February 2011
26,516,665	$0.15	March 2011
75,300	$0.12	August 2011
36,052,898		

The following table summarizes the information about stock options outstanding at March 31, 2010:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
$0.00 to $0.19	4,665,000	4.34	$ 0.15
$0.20 to $0.39	3,080,000	3.11	0.30
$0.40 to $0.59	150,000	0.52	0.48
$0.60 to $0.79	300,000	1.40	0.60
$0.80 to $1.00	2,367,000	1.71	0.88
	10,562,000	**3.25**	**$ 0.37**

Share Data as of May 28, 2010

A total of 132,865,938 Common Shares were issued and outstanding as of May 28, 2010. The number of stock options outstanding at May 28, 2010 is 10,562,000. A total of 95,300 Purchase Warrants were exercised during the period April 1 through May 28, 2010. The Company has a total of 35,957,598 Purchase Warrants and agent's warrants outstanding at May 28, 2010.

10. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

	For the Three Months Ended March 31, 2010			For the Three Months Ended March 31, 2009		
BATANGAS PROJECTS	**Lobo**	**Archangel**	**Regional**	Lobo	Archangel	Regional
General Exploration	-	6,908	3,890	1,340	5,330	(15,066)
Salaries & Benefits	853	6,550	2,009	22	19	3,685
Consulting & Prof. Fees	-	-	18	-	-	-
Legal & Accounting	-	6	522	78	78	-
Camp, Road Construction	-	-	3,629	-	-	-
Travel	-	392	5,981	-	(3)	64
Geology, Geophysics	-	-	41,879	-	-	-
Drilling	-	-	55,317	-	-	-
Mapping, Sampling	-	-	1,245	-	-	-
Acquisition Costs	-	-	16,897	32,752	10,917	109,173
Community, Environmental	-	891	587	-	-	3,952
Total additions	**$ 853**	**$ 14,747**	**$ 131,974**	$ 34,192	$ 16,341	$ 101,808

SURIGAO PROJECTS	**Agata**	**Tapian**	Agata	Tapian
General Exploration	(8,615)	3,267	(6,473)	3,666
Salaries & Benefits	48,049	17,807	108,016	6,430
Consulting & Prof. Fees	48,714	-	700	-
Legal & Accounting	776	18	125	4
JV Partner's Share in Costs	14,237	216	40,440	2,042
Camp, Road Construction	232	-	3	-
Travel	2,552	1,065	2,096	253
Geology, Geophysics	(1,348)	-	11,385	-
Drilling	(4,702)	-	2,314	165
Mapping, Sampling	4,893	1,187	196	-
Acquisition Costs	6,511	-	-	-
Community, Environmental	10,000	622	16,238	989
Total additions	**$ 121,299**	**$ 24,182**	$ 175,040	$ 13,549

OTHER PROJECTS	**Pan de Azucar**	**Mat-I**	Pan de Azucar	Mat-I
General Exploration	1,103	74	3,091	150
Salaries & Benefits	1,761	78	-	-
Travel	60	5	-	-
Community, Environmental	453	-	-	-
Total additions	**$ 3,377**	**$ 157**	$ 3,091	$ 150

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

11. 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 $2,429,866 in cash at March 31, 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 two 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 March 31, 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 March 31, 2010 is $2,353,017 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.

12. 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.

13. 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.

14. EVENTS SUBSEQUENT TO MARCH 31, 2010

In April, 2010, a total of 70,300 agent's warrants were exercised to acquire Common Shares at an exercise price of $0.12 per share for gross proceeds of $8,436 and 25,000 Purchase Warrants were exercised to acquire Common Shares at $0.20 per share for gross proceeds of $5,000.

15. 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.

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.

16. 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.

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 four phases of its conversion plan: scoping and planning, detailed assessment, operations implementation and post implementation. The scoping and planning phase involves establishing a project management team, mobilizing organizational support for the conversion plan, obtaining stakeholder support for the project, identifying major areas affected and developing a project charter, implementation plan and communication strategy. The Company has substantially completed the scoping and planning phase. The detailed assessment phase ("phase 2") commenced in 2009 and will result in accounting policies and transitional exemptions decisions, quantification of financial statement impact, preparation of shell financial statements and identification of business processes and resources impacted. The operations implementation phase ("phase 3") includes 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. Phase 3 also includes ongoing training, testing of the internal control environment and updated processes for disclosure controls and procedures. Post implementation ("phase 4") 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.

17. 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 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.

Recent improved market conditions for resource commodities after several years of record low prices has resulted in a dramatic increase in mineral exploration and development investment and activity in Canada and the USA. While inflation has not been a significant factor affecting the cost of goods and services in Canada and the USA in recent years, this renewed exploration and development activity has resulted in a shortage of experienced technical staff, and heavy demand for 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, aggressive restocking and a stronger-than-expected recovery in the U.S. 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 an improvement in demand for base metals and there is a growing expectation that the physical base metal market is set to move into a deficit in 2010 and 2011. The recovery in demand from China's infrastructure and industrial needs and a jump in imports of precious metals like gold and silver and base metals like copper and nickel are cited as the key factors responsible for the current high price. In addition, a rebound in key copper consuming sectors in the Western world, investor interest and restocking are also seen as important factors driving copper prices to the upside recently.

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.

18. TRENDS

Trends in the industry can materially affect how well any junior exploration company is performing. The demand for metal in Europe and North America has declined but increased in Asia. 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

	Note	March 31, 2010	December 31, 2009
ASSETS			
CURRENT			
Cash		**$ 2,429,866**	$ 581,362
Restricted cash	*3*	**220,817**	442,771
Accounts receivable	*4*	**150,377**	133,684
Prepaid expenses and other current assets	*5*	**48,819**	47,128
		2,849,879	1,204,945
MINERAL PROPERTIES AND EXPLORATION COSTS	*6*	**24,000,407**	23,683,451
PROPERTY AND EQUIPMENT	*7*	**185,657**	195,101
		$ 27,035,943	$ 25,083,497
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		**$ 496,862**	$ 764,325
ACCRUED BENEFIT OBLIGATION		**86,253**	86,156
FUTURE INCOME TAXES		**186,623**	186,413
FUTURE CAPITAL SUBSCRIPTION IN SUBSIDIARIES	*8*	**1,168,344**	1,164,917
		1,938,082	2,201,811
SHAREHOLDERS' EQUITY			
Share capital	*9*	**33,285,099**	32,380,570
Contributed surplus	*10*	**10,142,181**	8,363,069
Deficit		**(18,329,419)**	(17,861,953)
		25,097,861	22,881,686
		$ 27,035,943	$ 25,083,497

SUBSEQUENT EVENTS (Note 17)

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

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

MINDORO RESOURCES LTD

	Note	Three Months Ended March 31, 2010	2009
REVENUE			
Interest		**$ 768**	$ 4,154
EXPENSES			
Administration		**3,505**	3,531
Advertising and promotion		**22,161**	6,348
Communications		**8,611**	6,324
Conferences and trade shows		**6,584**	5,267
Consulting and professional fees		**7,627**	8,663
Investor relations consultants		**15,000**	16,500
Listing fees and shareholder communications		**7,657**	7,967
Office, postage and sundry		**10,073**	12,524
Printing		**270**	10
Rent		**13,247**	26,444
Salaries and benefits	*13*	**154,337**	136,786
Stock based compensation - employees		**253,547**	257,630
Stock based compensation - consultants		**6,291**	13,314
Travel		**91,316**	17,589
Foreign exchange loss (gain)		**(142,187)**	(3,771)
Depreciation and amortization		**10,022**	16,341
		468,061	531,467
Loss on disposal of property and equipment		**(173)**	(3,299)
Net loss and comprehensive loss		**(467,466)**	(530,612)
Deficit, beginning of period		**(17,861,953)**	(16,588,876)
Deficit, end of period		**$ (18,329,419)**	$ (17,119,488)
Basic and diluted loss per share - basic and diluted		**$ (0.00)**	$ (0.01)
Weighted average shares outstanding		**115,781,194**	98,712,360

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

Consolidated Statements of Cash Flows (Unaudited)

MINDORO RESOURCES LTD

	Note	Three Months Ended March 31, 2010	2009
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Net loss		**$ (467,466)**	$ (530,612)
Items not affecting cash			
Stock-based compensation - employees		**253,547**	257,630
Stock-based compensation - consultants		**6,291**	13,314
Depreciation and amortization		**10,022**	16,341
Provision (recovery) for future income tax expense		**69,893**	14,657
Unrealized foreign exchange gain		**(69,683)**	-
Accrued benefit obligation		**97**	2,277
Loss on write down of property and equipment		**173**	3,299
Changes in non-cash working capital	*11*	**(285,847)**	(3,108)
		(482,973)	(226,202)
INVESTING			
Change in restricted cash		**221,954**	-
Expenditures on mineral properties and exploration costs		**(311,483)**	(211,817)
Proceeds from disposition of property and equipment		**-**	12,474
Acquisition of property and equipment		**(6,224)**	-
		(95,753)	(199,343)
FINANCING			
Issue of share capital, net of issuance costs		**2,423,803**	434,047
Cash received for future capital subscriptions		**3,427**	-
		2,427,230	434,047
INCREASE (DECREASE) IN CASH		**1,848,504**	8,502
CASH, BEGINNING OF PERIOD		**581,362**	1,387,898
CASH, END OF PERIOD		**$ 2,429,866**	$ 1,396,400
Non Cash Investing/Financing Activities			
Common shares issued for mineral properties		**-**	750,000
Stock-based compensation charged to mineral properties		**-**	5,671
Depreciation and amortization charged to mineral properties		**5,473**	-
Fair value of warrants issued		**1,524,629**	-
Fair value of options exercised		**(259,838)**	-
Supplemental cash flow information			
Interest received		**768**	4,154
Income taxes paid		**-**	-

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

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 the previous year, along with capital markets in general. This decline 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 risen during the first quarter and the increase has resulted in the exercise of stock options and purchase warrants. As disclosed in Note 9, on March 3, 2010, the Company closed a private placement for gross proceeds of $2,625,000. 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 March 31, 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.

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.

(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.

(J) EMPLOYEE FUTURE BENEFITS

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.

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 March 31, 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 $13,499 (2009 - $14,517), employee advances receivable of $13,312 (2009 – $7,584), reimbursements receivable from a joint venture partner for $82,696 (2009 – $41,220), 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 $48,819 (2009 - $64,297).

6. MINERAL PROPERTIES AND EXPLORATION COSTS

Project		Balance December 31, 2008		Expenditures		Balance December 31, 2009		Expenditures		**Balance March 31, 2010**
Agata	$	5,475,607	$	845,026	$	6,320,633	$	121,299	**$**	**6,441,932**
Tapian		2,531,284		139,789		2,671,073		24,182		**2,695,255**
Mat-I		69,541		6,668		76,209		157		**76,366**
Pan de Azucar		661,318		24,573		685,891		3,377		**689,268**
Batangas		2,611,794		1,406,237		4,018,031		131,974		**4,150,005**
Lobo		2,577,104		171,427		2,748,531		853		**2,749,384**
Archangel		6,890,983		60,782		6,951,765		14,747		**6,966,512**
		20,817,631		2,654,502		23,472,133		296,589		**23,768,722**
Royalty Deposits		176,260		35,058		211,318		20,367		**231,685**
	$	20,993,891	$	2,689,560	$	23,683,451	$	316,956	**$**	**24,000,407**

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

	March 31, 2010						December 31, 2009					
		Cost		Accumulated Depreciation		**Net Book Value**		Cost		Accumulated Depreciation		Net Book Value
Computer hardware	$	92,962	$	59,391	**$**	**33,571**	$	92,949	$	56,637	$	36,312
Computer software		136,213		94,801		**41,412**		136,213		91,393		44,820
Vehicles		111,834		48,588		**63,246**		111,827		43,394		68,433
Field equipment		39,267		28,702		**10,565**		39,119		26,459		12,660
Office equipment & furnishings		78,954		46,186		**32,768**		76,114		44,663		31,451
Leasehold improvements		84,048		79,953		**4,095**		81,111		79,686		1,425
	$	543,278	$	357,621	**$**	**185,657**	$	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 soley 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.

9. SHARE CAPITAL

Authorized
Unlimited number of common shares
Unlimited number of preferred shares

Issued	Note	March 31, 2010 Number	March 31, 2010 Amount	December 31, 2009 Number	December 31, 2009 Amount
Common shares					
Balance, beginning of year		107,720,638	$ 32,380,570	90,757,405	$31,273,311
Issued pursuant to private placements	*a*	25,000,000	892,684	9,338,233	388,023
Issued upon exercise of stock options	*b*	50,000	11,845	-	-
Issued for mining properties		-	-	7,500,000	746,687
Warrant term extension and price amendment		-	-	-	(69,986)
Issued upon purchase warrant exercised		-	-	125,000	42,535
Balance, end of period		**132,770,638**	**$ 33,285,099**	107,720,638	$32,380,570

	Note	March 31, 2010 Number	December 31, 2009 Number
Common share purchase warrants			
Balance, beginning of year		9,536,233	18,614,534
Issued pursuant to private placements	*a*	26,516,665	9,536,233
Exercised		-	(125,000)
Expired		-	(18,489,534)
Balance, end of period		**36,052,898**	9,536,233

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 $207,687. Each Unit consisted of one Common Share and one Common Share Purchase Warrant ("Purchase 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 Purchase 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.

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.

The following table summarizes information about the warrants outstanding and exercisable as at March 31, 2010:

March 31, 2010			December 31, 2009		
Number of Warrants	Exercise Price	Expiry Date	Number of Warrants	Exercise Price	Expiry Date
6,233,000	0.20	August 2010	6,233,000	0.20	August 2010
3,105,233	0.30	February 2011	3,105,233	0.30	February 2011
122,700	0.18	February 2011	122,700	0.18	February 2011
26,516,665	0.15	March 2011	75,300	0.12	August 2011
75,300	0.12	August 2011	9,536,233		
36,052,898					

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 quarter of 2010 were valued using the following weighted average assumptions:

	2010	2009
Risk Free Interest Rate	1.19%	1.25%
Expected Life	1.00 years	2.00 years
Expected Volatility	137%	122%
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.

Options granted may not exceed ten years. 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 in the first quarter 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:

	March 31, 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	1,650,000	0.18	3,015,000	0.13
Exercised	(50,000)	0.13	-	0.00
Expired	(505,000)	0.28	(50,000)	0.23
Forfeited	(120,000)	0.66	(523,500)	0.67
Outstanding at end of period	**10,562,000**	**0.38**	9,587,000	0.41
Options exercisable at end of period	**10,412,000**	**$ 0.38**	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 $0.12 per share to employees.

Compensation cost for the period of $259,838 (2009- $270,944) was recorded as stock-based compensation expense. Compensation cost for the year of $nil (2009- $5,671) 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 quarter of 2010 on the date of grant was $0.15 per stock option (2009 - $0.15). 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:

	Three Months Ended March 31	
	2010	2009
Risk Free Interest Rate	2.29%	1.69%
Expected Life	5.00 years	5.00 years
Expected Volatility	122%	115%
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	4.34	$0.15
$0.20 to $0.39	3,080,000	3.11	$0.30
$0.40 to $0.59	150,000	0.52	$0.48
$0.60 to $0.79	300,000	1.40	$0.60
$0.80 to $1.00	2,367,000	1.71	$0.88
Total	**10,562,000**	**3.25**	**$0.37**

10. CONTRIBUTED SURPLUS

	March 31, 2010	December 31, 2009
Balance, beginning of period	$ 8,363,069	$ 6,835,341
Stock based compensation	259,838	821,679
Stock options exercised	(5,355)	-
Agent's warrants issued	169,851	18,245
Purchase warrants issued	1,354,778	642,353
Purchase warrants exercised	-	(23,785)
Purchase warrants price amendment	-	69,236
Balance, end of period	**$ 10,142,181**	$ 8,363,069

11. OTHER INFORMATION

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

	Three Months Ended March 31	
	2010	**2009**
Accounts receivable	$ (16,693)	$ (16,715)
Prepaid expenses and other current assets	(1,691)	14,627
Accounts payable and accrued liabilities	(267,463)	(1,020)
	$ (285,847)	$ (3,108)

12. RELATED PARTY TRANSACTIONS

a. Lion Manager Pty Limited charged office rent in the amount of $1,540 to the Company. A director of the Company is the executive director of a subsidiary of Lion Manager Pty Limited.

b. 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 Chief Financial Officer of the Company in return for a monthly fee. During the first quarter of 2010, the Company recorded $19,500 in fees for Baron (2009 - $nil).

c. As at March 31, 2010, accounts payable and accrued liabilities includes $126,667 (2009- $55,333) of salaries and benefits owing to one officer of the Company.

d. Included in share capital are private placement issue costs of $73,500 paid as finders' fees to Lion Manager Pty Limited.

e. In the first quarter of 2010, the Company granted 1,650,000 stock options (2009- 100,000 stock options) to officers and directors of the Company.

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 $126,004 (2009- $94,786) in paid salaries and benefits and $28,333 (2009- $42,000) in salaries and benefits payable.

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, Alberta.

Geographical information is as follows:

	As at March 31, 2010		As at December 31, 2009	
	Mineral Properties & Exploration	Property & Equipment	Mineral Properties & Exploration	Property & Equipment
Philippines	$ 24,000,407	$ 156,472	$ 23,683,451	$ 166,020
Canada	-	29,185	-	29,081
	$ 24,000,407	**$ 185,657**	$ 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 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 $2,429,866 in cash at March 31, 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.

Foreign currency risk

Business is transacted by the Company in two 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 March 31, 2010 and December 31, 2009, the Company is exposed to currency risk through the following assets and liabilities in Philippine Pesos:

	March 31, 2010	December 31, 2009
	Philippine Pesos	Philippine Pesos
Cash	16,605,765	21,278,191
Amounts receivable	6,005,363	5,409,550
Accounts payable	(5,620,567)	(21,795,457)
	16,990,561	4,892,284

Based on net exposures as at March 31, 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 March 31, 2010 is $2,353,017 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

In April, 2010, a total of 70,300 agent's warrants were exercised to acquire Common Shares at an exercise price of $0.12 per share for gross proceeds of $8,436 and 25,000 Purchase Warrants were exercised to acquire Common Shares at $0.20 per share for gross proceeds of $5,000.