



MINDORO
RESOURCES LTD

Condensed Consolidated Interim Financial Statements
&
Management's Discussion and Analysis
(Unaudited)
For the three months ended March 31, 2012
(Expressed in Canadian Dollars)

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Mindoro trades on the TSX Venture Exchange under the symbol MIO;
on the Australian Securities Exchange under the symbol MDO;
on the Frankfurt Stock Exchange under the symbol OLM

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For the three months ended March 31, 2012



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Management's Discussion and Analysis

For the three months ended March 31, 2012

As reported on April 30, 2012

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CAUTION FORWARD LOOKING INFORMATION

This Management Discussion & Analysis contains certain forward-looking statements relating to, but not limited to, Mindoro's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as 'anticipate', 'believe', 'expect', 'goal', 'plan', 'intend', 'estimate', 'may' and 'will' or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future outcomes, or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects, and timing of commencement of operations and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied.

Shareholders and potential investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Mindoro undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Statements relating to mineral reserve and resource estimates are expressions of judgment, based on knowledge and experience and may require revision based on actual production experience. Such estimates are necessarily imprecise and depend to some extent on statistical inferences and other assumptions, such as metal prices, cut-off grades and operating costs, which may prove to be inaccurate. Information provided relating to projected costs, capital expenditure, production profiles and timelines are expressions of judgment only and no assurances can be given that actual costs, production profiles or timelines will not differ materially from the estimates contained in this announcement.

TECHNICAL DISCLOSURES

Mindoro's exploration programs are prepared and/or designed and carried out under the supervision of Tony Climie, P.Geo., who is a qualified person as defined by National Instrument 43-101 (Canada) and is a competent person as defined by the JORC Code (Australia), and who has reviewed and verified the pertinent disclosure of exploration related technical information contained in this document. Mr. Climie is an executive and a director of Mindoro and is a member of the Alberta Professional Engineers, Geologists and Geophysicists Association. Mr. Climie has more than five years of experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he has undertaken. Mr. Climie has consented to the release of the exploration related technical information in the form and context in which it appears.

COMPANY PROFILE AND STRATEGY

During the quarter ended March 31, 2012 (the 'quarter'), Mindoro Resources Ltd. ('Mindoro' or the 'Company') continued activities with the objective of advancing base and precious metals exploration and development projects in the Philippines.

The main strategies of the company are:

- To advance the Agata nickel project by pursuing feasibility and permitting of direct shipping ore production ('DSO') and pilot scale thermal-upgrading prior to advancing hydrometallurgical processing options to pilot-scale testing and a feasibility study. In order to progress these options the company is seeking a strategic partner/investor.
- To drill-test and grow the resource base on the Lobo and Archangel gold projects at Batangas, and advance key porphyry copper-gold projects within the company's portfolio.

This Management's Discussion and Analysis ('MD&A') presents the operating results and financial status of the company for the quarter ended March 31, 2012, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements ("interim financial statements") for the three months ended March 31, 2012. The interim financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and are presented in Canadian Dollars.

The Company trades on the TSX Venture Exchange, ASX, and Frankfurt Exchange as MIO, MDO, and OLM respectively. Additional information related to the Company is available in the Company's Annual Information Form ('AIF'), on SEDAR at www.sedar.com, and on the Company's website at www.mindoro.com.

OVERVIEW FOR THE QUARTER ENDED MARCH 31, 2012

• Agata Nickel Project

- ✓ On November 2, 2011, the Company announced commencement of a process aimed at securing a strategic financing partner for the Agata Nickel Project, with the goal of accelerating a two-stage development strategy. A number of parties, mostly from the Asian region, have expressed strong interest in the project based on the strategic advantages that the project has; including an established resource and mineral reserve, location on a protected deep-water coast-line, no forest or significant population on the resources and outstanding metallurgical characteristics for both thermal and hydrometallurgical processing. The company already has a granted Environmental Compliance Certificate (ECC) to develop the first, direct shipping ore, stage of the project.
- ✓ A number of parties have completed assessments of the project and the Company worked with its financial advisor, Deloitte Corporate Finance Pty Ltd ("Deloitte"), to progress discussions and negotiations during the quarter.
- ✓ Securing a strategic financing partner for the Agata Nickel Project will allow the company to immediately advance the stage one direct shipping ore development to production and advance downstream processing pilot testing and feasibility studies.

• Gold and Copper-Gold Exploration

- ✓ Pan de Azucar – on February 8, 2012 a drill-defined Exploration Target was announced for the Pan de Azucar massive sulphide of 8 million to 12.7 million dry metric tonnes (DMT) in a grade range of 35% to 40% sulphur (70% to 90% pyrite), 0.4% to 0.6% copper and 0.5 g/t to 0.7 g/t gold. The sulphide also

contains significant silver and zinc values. Preliminary metallurgical testing at Minercon in the Philippines (a non NATA accredited laboratory) indicates potential for pyrite thermal-oxidation sulphuric acid production of up to 1.3 tonnes of acid per tonne of ore feed; subsequent acid-leach/solvent extraction-electrowinning (SX-EW) copper recoveries of 93% to 97% and gold leach recovery after copper removal of up to 95%. There is also potential for power generation using high pressure steam from excess heat produced during the pyrite thermal-oxidation stage. The preliminary metallurgical results, that indicate potential to produce sulphuric acid from the Pan de Azucar massive sulphide, demonstrate strong synergies with the planned Agata Nickel project development. Further metallurgical testing, in particular continuous thermal-oxidation testwork, is required to confirm the results of the initial work.

- ✓ Archangel, Batangas – on January 3, 2012 the Company announced the results of the second and third drill holes from the Archangel drilling program designed to test interpreted high-grade "feeder" structures underlying the near-surface Archangel gold and silver resources. The second drill hole, PL-189, cut a near surface stockwork zone and produced an intersection of 12.3m @ 2.58 g/t gold and 18.7 g/t silver from 16.7m down-hole depth, including a high-grade vein intersection of 1.75m @ 13.5 g/t gold and 60.6 g/t silver from 26.25m. The third drill hole, drilled from northeast to southwest across the Pulang Lupa "feeder structure", intersected a 48m down-hole thickness of hydrothermal breccia mineralization from 1.9m. Significant intersections include 34.3m of 1.01 g/t gold and 14.1 g/t silver from 13.8m down-hole depth, including 2.7m of 5.55 g/t gold and 74.7 g/t silver from 44.4m. Further down-hole, it intersected 10.45m of 3.09 g/t gold and 2.09 g/t silver from 69.4m, including a high-grade vein intersection of 0.60m of 46.0 g/t gold and 22.5 g/t silver from 69.4m depth. This completed the three hole program and resulted in the company gaining critical information as to the orientation and geometry of steeply-dipping hydrothermal breccia "feeder" structures at Archangel. Planning is advanced for the next drilling phase that will aim to infill drill these structures and build the resource base.
- ✓ Lobo, Batangas – No further work was completed at Lobo apart from field reconnaissance and a proposal to conduct preliminary metallurgical testing on a sample from the South West Breccia (SWB) high-grade gold shoot. The metallurgical testing will commence at the same time as the Archangel drilling program.

- **Financial**

- ✓ After tax loss of \$0.7 million represents a decrease from fourth quarter 2011 loss of \$1.0 million. The Company is benefitting from the cost savings associated with the closure of the Edmonton office in 2011.
- ✓ Raised \$3.0 million from private placements with \$1.2 million received in 2011 and a further \$1.8 million in the first quarter of 2012.
- ✓ At March 31, 2012 the cash balance was \$2.0 million and working capital was \$1.7 million compared with \$2.1 million and \$1.3 million respectively at December 31, 2011.

Table 1: Activities summary for the three months ended March 31, 2012

January	Archangel – final results received from drilling program
	Receives \$0.2 million in second tranche of Private Placement announced in November 2011
February	Receives \$1.3 million from major shareholders in final tranche of Private Placement.
	Pan de Azucar – Exploration Target announced on massive sulphide copper-gold-sulphur project
	Released Financial Results and Management Discussion for 2011
March	Special shareholders meeting held to approve the directors of the Company subscribing for common shares to the value of \$0.25 million. Private placement subsequently raised \$0.3 million, including funds received from an additional qualified investor.

MILESTONES TARGETED FOR 2012

Agata Nickel Development Project (subject to strategic partner financing):

- Stage 1: establish feasibility and permitting for the DSO project
- Stage 2: advance preferred processing technology to pilot testing, prior to a feasibility study
- Stage 2: drill regional targets and access other properties to substantially increase resources
- Pan de Azucar, complete additional drilling to define S-Cu-Au resources and upgrade metallurgical testing for sulphuric acid production and copper-gold by product leach recovery

Copper Gold Exploration:

- Batangas, Archangel: initial drilling to define and potentially extend high-grade gold resources and test underlying porphyry copper-gold targets
- Batangas, Lobo: further drilling to locate and define potential high-grade epithermal gold shoot targets within the 5km mapped vein trends
- Batangas and Surigao porphyry copper-gold targets: either sole funding or through joint venture define and drill priority copper-gold targets on the Batangas and Surigao properties

SUMMARY OF QUARTERLY RESULTS

TABLE 2

	2010-Q2	2010-Q3	2010-Q4	2011-Q1	2011-Q2	2011-Q3	2011-Q4	2012-Q1
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total revenue	-	-	-	-	-	-	-	-
General and administrative expenses	(322)	(645)	(273)	(427)	(511)	(692)	(674)	(377)
Employee benefits expenses	(223)	(355)	(486)	(317)	(393)	(699)	(293)	(254)
Stock based compensation	(10)	(658)	(75)	(15)	(38)	(151)	65	12
Depreciation and amortization	(12)	(17)	(14)	(37)	(20)	(33)	(53)	(35)
Operating Expenses	(567)	(1,675)	(848)	(796)	(962)	(1,575)	(955)	(654)
Interest income	3	5	29	85	86	60	26	13
Foreign exchange	(20)	(51)	231	(119)	74	43	(9)	(60)
Loss on disposal of equipment	-	-	-	-	-	(26)	(2)	-
Extinguishment of deferred capital subscription funding	-	-	-	-	-	3,171	-	-
Impairment of exploration and evaluation assets	-	-	-	-	-	(2,951)	-	-
Loss before income taxes	(584)	(1,721)	(588)	(830)	(802)	(1,278)	(940)	(701)
Income taxes	-	-	187	-	-	-	(10)	-
Loss for the period	(584)	(1,721)	(401)	(830)	(802)	(1,278)	(950)	(701)
Loss per share (\$)	(0.004)	(0.012)	(0.002)	(0.004)	(0.004)	(0.006)	(0.004)	(0.003)

LOSSES

The Company's quarterly losses have decreased for a second straight quarter as it begins to realize efficiency gains from the Edmonton, Canada office closure.

The breakdown of losses on a quarterly basis reflects the timing of specific events noted below:

- Changes in key management in the third quarter of 2010, and third quarter of 2011;
- Executive office established in Melbourne Australia in the third quarter of 2010; and
- The closure of the Edmonton, Canada office, and the relocation of associated functions to Melbourne, Australia and Manila, Philippines in the third quarter of 2011;

Further commentary on operating expenses in the first quarter with respective comparatives:

- In the first quarter of 2012, operating expenses were lower (\$701,000) compared to the same period in 2011 (\$830,000). Consulting fees were higher (2012: \$171,000 vs. 2011: \$58,000) as the Company continues to seek a strategic partner for the Agata Nickel project. However, the Company spent less on travel and other administrative costs (2012: \$206,000 vs. 2011: \$369,000) due to efficiency gains from the Edmonton office closure.

- Employee benefit expenses are lower in the current quarter compared to the same period last year as a result of reduction in personnel noted above and continues the downward trend noted in the fourth quarter of 2011 (Table 2).
- Variations in interest income and foreign exchange over the last eight quarters have largely been due to changes in the Company's cash balances, which was \$2,651,000 at March 31, 2010 rising to \$9,908,000 following the financing in December 2010, and subsequently drawing down to \$2,043,000 at the end of the first quarter of 2012. Foreign exchange gains and losses also reflect the strengthened Australian Dollar and Philippine Peso relative to the Canadian dollar over the last twelve months, resulting in higher costs incurred in those currencies. The change in functional currency has not materially affected the financial statements.

CASH FLOWS

In the first quarter of 2012, the Company used \$1,014,000 in operating activities compared to \$846,000 in the first quarter of 2011. This reflects a reduction in non-cash working capital of \$395,000 in the quarter compared to a \$106,000 reduction in first quarter 2011 and lower corporate and employee benefit expenses noted above.

The Company invested \$677,000 in exploration activities in the first quarter of 2012 compared to \$1,688,000 million in the first quarter of 2011. Most of the expenditures in the quarter relates to testwork on the Agata Nickel project, scoping work on Archangel and tenement holding costs.

The Company raised \$1,779,000 through two private placements in the first quarter of 2012 compared to \$3,413,000 received from warrant and option exercises in the first quarter of 2011.

GOING CONCERN

The Company has incurred a net loss of \$701,000 (March 31, 2011 - \$828,000) and operating cash outflows of \$1,014,000 (March 31, 2011 - \$846,000). At March 31, 2012 the Company has net current assets of \$1,664,000 (December 31, 2011 - \$1,315,000). Mining and exploration licences held by the Company have annual expenditure obligations to maintain their 'good standing' status. The Company has sufficient funds or the intent to raise sufficient funds to meet these requirements and to meet corporate expenditure requirements to maintain its operations.

The ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing exploration activities. Plans to obtain further financing include seeking parties interested in joint venture activities to develop the Company's exploration assets, raising additional funds through equity raisings and placements to existing or new key investors. The Company intends to be proactive over the upcoming period to seek to raise additional capital to further explore and develop its existing assets in an appropriate time frame. Until this occurs there is significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will realize its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the interim financial statements.

The directors consider the Company is a going concern, but recognize that it is dependent on the raising of additional funds, the sale of interests in or relinquishment of, mining tenements held by the Company and ultimately the future profitability of the Company. The directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the interim financial statements at March 31, 2012, and that the going concern basis is appropriate. Accordingly, no adjustments have been made to the interim financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

SIGNIFICANT ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES

The Company continually evaluates its estimates and judgements based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

EXPLORATION AND EVALUATION ASSETS

The future recoverability of capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related tenements itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and foreign exchange rates.

To the extent that capitalized exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalized if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalized expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

ACCOUNTING POLICIES EFFECTIVE FOR FUTURE PERIODS

IFRS 9 – “Financial instruments - classification and measurement”

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise, it is at fair value through profit or loss. This standard is effective for years beginning on or after January 1, 2015. This new standard is not expected to materially affect the Company's financial statements because the standard is consistent with the Company's current treatment of financial assets.

IFRS 9 – “Financial instruments – classification and measurement”

Updated to include guidance on financial liabilities and derecognition of financial instruments. This standard is effective for years beginning on or after January 1, 2015. The company has not assessed the impact of this new standard.

IAS 1 – “Presentation of items of other comprehensive income (“OCI”)”

Change to the disclosure in OCI, including a requirement to separate items presented into two groups based on whether or not they may be recycled to profit or loss in the future. This standard is effective for annual periods beginning on or after July 1, 2012. These amendments do not materially affect the Company's financial statements.

IAS 19 – “Employee Benefits”

Amended for (i) changes to the recognition and measurement of defined benefit pension expense and termination benefits, and (ii) expanded disclosure. This standard is effective for the years beginning on or after January 1, 2013. The Company has a defined benefit retirement obligation and has not yet assessed the impact of this amendment on its financial statements.

IFRS 13 – “Fair Value Measurement”

Provides a single source of guidance on how to measure fair value and enhances disclosure requirements for fair value measurements. This standard is effective for years beginning on or after January 1, 2013 and is not expected to have a material effect on the Company.

“New standards addressing scope of reporting entity”

IFRS 10, - “Consolidated Financial Statements”, IAS 27, - “Consolidated and Separate Financial Statements”, and SIC-12, - “Consolidation – Special Purpose Entities” IFRS 11, - “Joint Arrangements” Entities in joint operations will follow accounting for jointly controlled assets and jointly controlled operations under IAS 31. IFRS 12, - “Disclosure of Interests in Other Entities”, effective for years beginning on/after January 1, 2013. Not expected to have a material effect on the Company disclosure.

IFRIC 20 – “Stripping Costs in the Production Phase of a Surface Mine”

Provides guidance on the accounting for overburden (pre-strip) in the production phase. Costs can only be recognized as an asset if they can be attributed to an identifiable component of the ore body. This standard is effective January 1, 2013. This interpretation does not affect Company disclosure because the Company has no operational mines.

IFRS 7 - “Financial instruments” – disclosures

Amended to enhance disclosure requirements relating to offsetting of financial assets and financial liabilities. This standard is effective for annual periods beginning on or after January 1, 2013 and is not expected to have a material effect on the Company.

IAS 32 - “Financial instruments” – presentation

Amended to clarify requirements for offsetting of financial assets and financial liabilities. This standard is effective for annual periods beginning on or after January 1, 2014 and is not expected to have a material effect on the Company.

OUTSTANDING SHARE DATA

Issued - Common shares	Common Shares	Stock Options	Purchase Warrants
December 31, 2011	239,073,360	14,847,000	19,054,725
Issued pursuant to private placements	14,984,686	-	-
March 31, 2012	254,058,046	14,847,000	19,054,725

In March 2012, pursuant to a private placement, the Company issued 2,464,729 common shares at a price of \$0.12 for gross proceeds of \$294,534.

In January 2012, pursuant to a private placement, the Company issued 12,519,957 common shares at a price of \$0.12 for gross proceeds of \$1,517,991. The Company received \$135,000 for this private placement prior to December 31, 2011 that was recorded as share obligations on the December 31, 2011 statement of financial position.

RISKS 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 risks common 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 or the Company no longer being able to operate.

The Company is currently engaged in a process to secure a strategic partner to advance the Agata Nickel project. Whilst the Company is considering a number of alternatives for strategic partner investment that are value accretive to existing shareholders, there are risks associated with a cornerstone strategic partner, including the potential for future dilution and changes in management.

The Company's principal operations are located in the Philippines and are subject to the risks associated with operating in a developing country. These risks include, but are not limited to; economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, resource rent taxes, repatriation of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

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.

Continued strong 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.

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.

DISCLOSURE CONTROLS AND PROCEDURES

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information.

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at March 31, 2012. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at March 31, 2012 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Chief Executive Office and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting as of March 31, 2012. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that they were effective at a reasonable assurance level.

The Company's management, including the Chief Executive Officer and Chief Financial Officer does not expect that its disclosure controls and internal controls over financial reporting will prevent all errors and fraud. A cost effective system of internal controls, no matter how well designed or operated, can provide only reasonable not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.



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Condensed Consolidated Interim Statements of Financial Position

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	<i>Note</i>	March 31, 2012 \$000	December 31, 2011 \$000
Assets			
Current assets			
Cash and cash equivalents		2,043	2,089
Accounts receivable		72	257
Prepaid expenses and other current assets		69	81
		2,184	2,427
Non-current assets			
Exploration and evaluation assets	5	34,909	34,163
Property and equipment	6	380	417
		37,473	37,007
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		454	1,034
Share based liability	11	66	78
		520	1,112
Non-current liabilities			
Defined benefit retirement obligation		155	155
		675	1,267
Shareholders equity			
Share capital	8	52,704	50,925
Share obligation		-	135
Reserves		11,386	11,271
Accumulated losses		(27,292)	(26,591)
		36,798	35,740
		37,473	37,007

Going concern (Note 1)

These condensed consolidated interim financial statements were approved for issue by the Audit Committee on behalf of the Board of Directors on April 30, 2012 and are signed on their behalf by:

"signed" A. Robson Garden
Director

"signed" Doug Frondall
Director

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

Condensed Consolidated Interim Statements of Comprehensive Loss

Unaudited

(Expressed in Canadian Dollars)



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RESOURCES LTD

		Three Months Ended	
	<i>Note</i>	2012	2011
		\$000	\$000
Expenses			
General and administration expenses		(377)	(425)
Employee benefits expense		(254)	(317)
Stock based compensation	10, 11	12	(15)
Depreciation and amortization		(35)	(37)
Expenses		(654)	(794)
Finance income		13	85
Foreign exchange loss		(60)	(119)
Loss for the period		(701)	(828)
Exchange differences on translation of foreign operations	3(C)	115	(403)
Total comprehensive loss for the period		(586)	(1,231)
Basic and diluted net loss per share		\$ (0.003)	\$ (0.004)
Weighted average number of common shares outstanding (thousands)		247,903	213,658

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



Condensed Consolidated Interim Statements of Changes in Equity

Unaudited

(Expressed in Canadian Dollars)

	<i>Note</i>	Share capital \$000	Share obligation \$000	Employee benefit reserve \$000	Warrants reserve \$000	Currency reserve \$000	Accumulated losses \$000	Shareholders' equity \$000
December 31, 2010		45,057	-	5,052	7,274	255	(22,731)	34,907
Common shares issued for:		-	-	-	-	-	-	-
Exercise of stock options	8	47	-	(21)	-	-	-	26
Exercise of warrants	8	4,700	-	-	(1,313)	-	-	3,387
Stock-based compensation	10	-	-	30	-	-	-	30
Comprehensive loss		-	-	-	-	(403)	(828)	(1,231)
March 31, 2011		49,804	-	5,061	5,961	(148)	(23,559)	37,119
December 31, 2011		50,925	135	5,156	5,961	154	(26,591)	35,740
Common shares issued for:		-	-	-	-	-	-	-
Private placement	8	1,779	(135)	-	-	-	-	1,644
Comprehensive loss	3(C)	-	-	-	-	115	(701)	(586)
March 31, 2012		52,704	-	5,156	5,961	230	(27,253)	36,798

Condensed Consolidated Interim Statements of Cash Flows

Unaudited

(Expressed in Canadian Dollars)



MINDORO
RESOURCES LTD

		Three Months Ended	
		March 31,	
	<i>Note</i>	2012	2011
		\$000	\$000
Cash provided by (used in)			
Operating activities			
Loss for the period		(701)	(828)
Items not affecting cash			
Stock based compensation	10, 11	(12)	15
Depreciation and amortization		35	37
Unrealized exchange differences		59	37
Other		-	(1)
Net change in non-cash working capital items		(395)	(106)
		(1,014)	(846)
Investing activities			
Expenditure on exploration and evaluation assets	5	(677)	(1,688)
Purchases of equipment		-	(23)
		(677)	(1,711)
Financing activities			
Issue of share capital, net of issuance costs	8	1,779	3,413
Deposits held for private placement	8	(135)	-
Cash received for deferred capital subscription funding		-	272
Cash returned from deferred capital subscription funding		-	(58)
		1,644	3,627
Increase (decrease) in cash and cash equivalents		(47)	1,070
Effects of exchange rate changes on cash and cash equivalents		1	7
Cash and cash equivalents at beginning of period		2,089	9,974
Cash and cash equivalents at end of period		2,043	11,051
Supplemental information			
Cash interest received		13	85

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

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2012

Unaudited

(Expressed in Canadian Dollars, unless otherwise noted)



MINDORO
RESOURCES LTD

1. GOING CONCERN

These condensed consolidated interim financial statements (“interim financial statements”) are prepared on a going concern basis.

The Company has incurred a net loss of \$701,000 (March 31, 2011 - \$828,000) and operating cash outflows of \$1,014,000 (March 31, 2011 - \$846,000). At March 31, 2012 the Company has net current assets of \$1,664,000 (December 31, 2011 - \$1,315,000). Mining and exploration licences held by the Company have annual expenditure obligations to maintain their ‘good standing’ status. The Company has sufficient funds or the intent to raise sufficient funds to meet these requirements and to meet corporate expenditure requirements to maintain its operations.

The ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing exploration activities. Plans to obtain further financing include seeking parties interested in joint venture activities to develop the Company’s exploration assets, raising additional funds through equity raisings and placements to existing or new key investors. The Company intends to be proactive over the upcoming period to seek to raise additional capital to further explore and develop its existing assets in an appropriate time frame. Until this occurs there is significant uncertainty as to whether the Company will be able to continue as a going concern and therefore, whether it will realize its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the interim financial statements.

The directors consider the Company is a going concern, but recognize that it is dependent on the raising of additional funds, the sale of interests in or relinquishment of, mining tenements held by the Company and ultimately the future profitability of the Company. The directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the interim financial statements at March 31, 2012, and that the going concern basis is appropriate. Accordingly, no adjustments have been made to the interim financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

2. NATURE OF OPERATIONS

Mindoro Resources Ltd.’s principal activities are the acquisition, exploration and development of mineral properties in the Philippines.

Mindoro Resources Ltd is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of Alberta. The Company’s shares are listed on the TSX Venture Exchange, Australian Securities Exchange, and Frankfurt Stock Exchange.

The Company’s registered office is 2200, 10235 – 101 Street NW, Edmonton, Alberta, Canada, T5J 3G1.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. These interim financial statements are for the consolidated entity consisting of Mindoro Resources Ltd. and its subsidiaries, collectively referred to as “Mindoro” or the “Company”.

(A) BASIS OF PRESENTATION

The interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies described herein.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2012

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(Expressed in Canadian Dollars, unless otherwise noted)



MINDORO
RESOURCES LTD

The policies applied in these interim financial statements are based on the International Financial Reporting Standards (“IFRS”) issued and outstanding as of the date the Audit Committee approved the statements. Any subsequent changes to IFRS that are given effect in the company’s annual consolidated financial statements for the year ending December 31, 2012, could result in restatement of these interim financial statements.

The interim financial statements have been prepared under the historical cost convention.

The preparation of interim financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim financial statements are described in Note 3(R).

These interim financial statements should be read in conjunction with the company’s annual financial statements for the year ended December 31, 2011.

(B) BASIS OF CONSOLIDATION

These interim financial statements include the accounts of the Mindoro Resources Ltd., its wholly owned subsidiary, MRL Gold Phils., Inc., and the controlled entities of MRL Gold Phils., Inc. All inter-company balances and transactions are eliminated on consolidation.

(C) FOREIGN CURRENCIES

The Company has presented these interim financial statements in Canadian Dollars (“CAD” or “\$”). The functional currency of Mindoro Resources Ltd. is the Australian Dollar (“AUD” or “A\$”) and was the CAD until January 1, 2012. The functional currency of MRL Gold Phils., Inc., and its controlled entities is the Philippine Peso (“PHP” or “Pp”).

Change in functional currency

The Functional currency of Mindoro Resources Ltd. changed on January 1, 2012 to the AUD from CAD. This change in accounting treatment is the result of a change in circumstances for Mindoro Resources Ltd. and is applied prospectively with no material impact on the interim financial statements. The following factors were considered by the directors in arriving at this conclusion:

- A majority of forecast expenditures are expected to be denominated in AUD; and
- Increasing trend of cash inflows from financing activities have been denominated in AUD.

All assets, liabilities, share capital and other components of equity were translated into AUD at the exchange rate on the date of change in functional currency.

Functional and presentation currency

The interim financial statements of entities that have a functional currency different from the presentation currency are translated into CAD as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the reporting period (as this is considered a reasonable approximation to the actual rates). All resulting changes are recognized in other comprehensive income as currency reserves.

When an entity disposes of its interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains and losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2012

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RESOURCES LTD

other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of income.

(D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts on deposit with financial institutions and amounts in term deposits with original terms to maturity of less than 90 days. At March 31, 2012 the Company had no cash equivalents (December 31, 2011).

(E) TRADE RECEIVABLES

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognized in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognized becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(F) EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure is stated at cost and is accumulated in respect of each identifiable area of interest. Such costs are only carried forward to the extent that they are expected to be recovered through the successful development of the area of interest (or alternatively by its sale), or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources, and where active work is continuing.

Accumulated costs in relation to an abandoned area are written off as impaired in profit or loss in the period in which the carrying amount may exceed the recoverable amount.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notes to the Condensed Consolidated Interim Financial Statements

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Amortization of capitalized costs, including the estimated future capital costs over the life of the area of interest, is provided on the units of production basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

(G) 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 using the following annual rates and methods:

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

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.

(H) IMPAIRMENT OF ASSETS

Property and equipment and exploration and evaluation assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount in the statement of income for the period in which the impairment arises.

The company evaluates impairment losses for potential reversals where there are indicators that the circumstances that resulted in the impairment have reversed.

(I) TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost, and are classified as current liabilities if payment is due within one year or less. The amounts are unsecured and are usually paid within 60 days of recognition.

(J) PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(K) EMPLOYEE BENEFITS

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognized in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognized in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(L) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(M) SHARE BASED PAYMENT TRANSACTIONS

The Company recognizes an increase in equity when it receives goods or services for an equity settled share based payment, and a liability when goods or services are received for cash settled share based payment.

Options issued under the Share Option Plan, which allows the Company's employees and consultants to acquire shares of the Company, are classified as equity settled share based payments. The fair value of the options granted is recognized as a stock based compensation expense with a corresponding increase in employee benefit reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Options issued under the Company's incentive plan, which allows holders to receive a cash payment when exercised equal to any excess of the Company's share price over the exercise price, are classified as cash settled share based payments. The fair value of the cash settled options granted are recognized as a stock based compensation expense with a corresponding increase in the share based liability. The fair value of the share based liability is remeasured at each balance sheet date with adjustments being recognized as stock based compensation.

The fair value of cash and equity settled options is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of equity settled options issued to consultants are remeasured at each balance sheet date until the options vest. The fair value of cash settled options is remeasured at each balance sheet date until the options expire. Fair value is estimated using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each

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For the Three Months Ended March 31, 2012

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financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(N) INCOME TAXES

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(O) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President and CEO.

(P) LOSS PER SHARE

The Company presents the basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(Q) DEFINED BENEFIT RETIREMENT OBLIGATION

The Company's wholly-owned subsidiary, MRL Gold Phils., Inc., has an unfunded, defined benefit retirement obligation under Philippines employment legislation 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 obligation 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.

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- iii. 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 obligation gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

(R) SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation assets

The future recoverability of capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related tenements itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices and foreign exchange rates.

To the extent that capitalized exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalized if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalized expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Estimated useful life of property and equipment

The Company estimates the useful life and residual values of property and equipment and reviews these estimates at each financial year end. The Company also tests for impairment when a trigger event occurs.

(S) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective for the financial year ended December 31, 2012. The standards impacted that are applicable to the Company are as follows:

- IFRS 9 Financial Instruments (New; to replace IAS 39)
- IAS 1 Presentation of Financial Statements, amendments regarding Presentation of Items of Other Comprehensive Income
- IAS 19 Employee Benefits, amendments regarding deferral of actuarial gains and losses

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- IFRS 13 Fair Value Measurement (New) provides consistent guidance on the disclosure related to fair value measurement
- IFRS 10 Consolidated Financial Statements (New; to replace IAS 27 and SIC 12)
- IAS 27 Separate Financial Statements (Amended in 2011)
- IFRS 11 Joint Arrangements (New; to replace IAS 31 and SIC 13)
- IFRS 12 Disclosure of Interest in Other Entities (New; to consolidate disclosure requirements in IAS 27, 28, and 31)
- IAS 28 Investments in Associates and Joint Ventures (Amended in 2011)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (New)
- IAS 32 Financial instruments presentation

The Company has yet to assess the impact of these new standards on its financial statements.

(T) COMPARATIVE PERIODS

Certain amounts included within the comparative period have been reclassified to conform to current period presentation.

4. FINANCIAL RISK MANAGEMENT

Capital management

The Company defines its capital as shareholders' equity. The Company's objectives in managing capital are to advance exploration and development of its mineral assets, meet annual expenditure requirements for its mining and exploration licenses, and to meet corporate expenditure requirements to maintain its operations.

The Company does not have any long-term debt and therefore proceeds raised from financing activities are used to meet these requirements.

The Board of Directors does not establish quantitative return on capital criteria for management. The Company also does not have any externally imposed capital requirements and does not currently pay dividends.

There has been no change with respect to the overall capital risk management strategy during the three months ended March 31, 2012 or March 31, 2011.

Foreign exchange 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 was exposed to foreign exchange risk through the monetary assets and liabilities in the table below at March 31, 2012 and December 31, 2011. The Company has not hedged its exposure to currency fluctuations. Foreign exchange risk is managed by holding cash and cash equivalents in different currencies in line with the anticipated expenditure requirements of the Company.

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	March 31, 2012		December 31, 2011	
	PHP 000s	CAD 000s	PHP 000s	AUD 000s
Cash	14,454	533	12,633	1,158
Amounts receivable	1,860	7	2,351	208
Accounts payable	(13,685)	(40)	(19,997)	(328)
Net exposure	2,629	500	(5,013)	1,038
Exchange rate	0.02328	1.00000	0.02320	1.04240
Exposure in thousands of Canadian Dollars	61	500	(116)	1,082

Based on net exposures at March 31, 2012, and assuming all other variables remain constant, a 10% fluctuation in the exchange rate between the Canadian dollar and the Philippine peso would affect Mindoro's other comprehensive loss by \$6,000 (2011 - \$12,000). A 10% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's net loss by \$50,000 (2011 - \$108,000) and inversely affect other comprehensive loss \$50,000 (2011 - \$Nil).

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 cash equivalents and accounts receivable.

The majority of the Company's cash and cash equivalents are held with three major financial institutions in Canada, Australia, and the Philippines. A significant portion of the Company's accounts receivable is owing from the Canadian and Australian governments for the reimbursement of sales taxes. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within twelve months of the balance sheet date.

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 approximately \$2,043,000 in cash and cash equivalents at March 31, 2012, on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk, deemed to be acceptable by the Company.

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For the Three Months Ended March 31, 2012

Unaudited

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	March 31, 2012		December 31, 2011	
	\$000	Weighted average effective interest rate	\$000	Weighted average effective interest rate
Financial assets				
Cash and cash equivalents	2,043	2.53%	2,089	3.67%
Accounts receivables	72	0.00%	257	0.00%
	2,115		2,346	
Financial Liabilities				
Accounts payable and accrued liabilities	454	0.00%	1,034	0.00%
	454		1,034	
Net Exposure	1,661		1,312	

At March 31, 2012 if interest rates had increased/decreased by 100 basis points from the year end rates with all other variables held constant, loss for the three months would have been \$21,000 (2011: \$70,000) higher/lower, as a result of higher/lower interest income from cash and cash equivalents. The impact on other equity is nil for the first quarter 2012 and the year 2011.

5. EXPLORATION AND EVALUATION ASSETS

	Surigao		Batangas				Pan de Azucar	Royalty Deposits	Total
	Agata	Tapian & Regional	El Paso	Lobo	Talahib	Archangel			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
December 31, 2010	8,277	3,675	2,193	5,883	348	6,930	620	214	28,140
Property acquisition	267	(75)	38	68	3	1	5	-	307
Exploration	5,777	933	151	553	42	318	804	-	8,578
Royalty deposits	-	-	-	-	-	-	-	27	27
Currency translation	242	77	(195)	(105)	(68)	92	22	(3)	62
December 31, 2011	14,563	4,610	1,047	4,827	94	7,341	1,451	230	34,163
Property acquisition	8	26	-	-	-	-	-	-	34
Exploration	274	51	111	51	7	84	35	-	613
Royalty deposits	-	-	-	-	-	-	-	1	1
Impairment	-	-	-	-	-	-	-	-	-
Currency translation	44	13	1	12	-	25	3	-	98
March 31, 2012	14,889	4,700	1,159	4,890	101	7,450	1,489	231	34,909

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The following table summarizes Mindoro's earned mineral property interests and future commitments at March 31, 2012:

<i>Region</i>	<i>Project(s)</i>	<i>Interest Earned</i>	<i>Terms for Further Earn-In And Potential Future Commitments</i>
Surigao	Agata, Tapian & Regional (except Mat-I project)	75%	(i) Option to earn additional 10%: pay 0.5% of mining reserve gross value with a minimum US\$5 million payment per mining reserve. (ii) Option to earn additional 15% interest by issuing Common Shares (issued in 2006), making annual cash payments (US\$ 125,000 in 2011) until production, making a cash payment of 0.75% of mining reserve gross value, with a minimum payment of US\$ 7.5 million upon completion of a bankable feasibility study on mining reserve, and a 1% net smelter royalty.
Surigao	Mat-I	10%	(i) The Company can earn an additional 30% interest upon completion of expenditure requirement (15 million Pesos) within two years from the execution of the Mineral Production Sharing Agreement ("MPSA"); the MPSA has not yet been approved as of this date. (ii) The Company may earn an additional 35% upon completion of the expenditure requirement (15 million Pesos) within one year. (iii) Mat I is included in option agreements for the Surigao properties and the Company can earn up to 100%.
Batangas	Archangel, El Paso, Lobo and Talahib	100%	Payment due to tenement holders at the start of production will include a one-time amount of US\$ 1 million applicable to the first mineral deposit to start production only, and will also be granted a 1% Net Smelter Royalty on all metals produced from the Batangas projects.
Panay	Pan de Azucar	75%	The Company has no outstanding commitments on Pan de Azucar.

Royalty payments are included in the mineral property and exploration costs. The payment amounts to the tenement holders and the related due dates are scheduled according to the terms of the executed royalty agreements. In the first quarter of 2012, royalty payments amounted to \$1,000 (2011 - \$27,000).

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.

On March 1, 2011, the Company announced that it had met the expenditure threshold to earn the right to a total 75% economic interest in the Pan de Azucar MPSA from a private Philippine company.

On February 15, 2011, an option agreement was signed with a second Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 230 hectares adjoining the above-referenced property adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1.5 million Philippine Pesos (approximately \$35,000). Once the tenement is granted and the Company has completed a due diligence phase and exercises the option, the Philippine company will receive payment of 28 million Philippine Pesos (approximately \$650,000).

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On January 7, 2011, an option agreement was signed with a Philippine company whereby the Company may acquire a 100% interest in an exploration permit application for 142 hectares adjacent to the Company's Tapian project. Upon confirmation the exploration permit is in good standing, the Philippine company will receive a cash payment of 1 million Philippine Pesos (approximately \$23,000). Once the tenement is granted, the Philippine company will receive an additional payment of 2 million Philippine Pesos (approximately \$46,000). The Philippine company will retain a 3% gross smelter royalty on payable nickel, cobalt and iron produced. One third of this royalty (1%) may be purchased by the Company for \$US 5 million.

6. PROPERTY AND EQUIPMENT

	Office equipment & furnishings \$000	Computer software & hardware \$000	Vehicles \$000	Field equipment \$000	Building & Leasehold improvements \$000	Total \$000
<i>Cost</i>						
December 31, 2010	119	259	205	69	89	741
Additions	21	53	23	53	257	407
Disposals	(32)	(72)	(35)	(8)	-	(147)
Translation adjustment	1	5	4	2	5	17
December 31, 2011	109	245	197	116	351	1,018
Translation adjustment	3	2	-	(1)	2	6
March 31, 2012	112	247	197	115	353	1,024
<i>Accumulated depreciation</i>						
December 31, 2010	56	177	71	40	82	426
Depreciation	44	85	58	35	32	254
Disposals	(25)	(58)	(13)	(5)	-	(101)
Translation adjustment	3	9	4	2	4	22
December 31, 2011	78	213	120	72	118	601
Depreciation	4	4	11	5	29	53
Translation adjustment	-	(2)	(4)	(2)	(2)	(10)
March 31, 2012	82	215	127	75	145	644
<i>Net book value at:</i>						
December 31, 2011	31	32	77	44	233	417
March 31, 2012	30	32	70	40	208	380

7. CONTINGENT LIABILITY

Through the operation of its subsidiaries in the Philippines, the Company is subject to Documentary Stamp Taxes ('DST') as issued by the Bureau of Internal Revenue in the Philippines on advances granted from foreign affiliates to the Company's Philippine subsidiaries. The Company has not made an accrual as there is uncertainty surrounding the measurement and timing of the DST. The maximum potential impact on the Company is expected to be \$180,000. Management does not believe that the final determination of the measurement and timing of the DST will have a material adverse effect on the financial position or results of operations of the company.

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8. SHARE CAPITAL

The authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid. As at March 31, 2012, the Company had 254,058,046 common shares issued and outstanding.

- a) In March 2012, pursuant to a private placement, the Company issued 2,464,729 common shares at a price of \$0.12 for gross proceeds of \$294,534.
- b) In January 2012, pursuant to a private placement, the Company issued 12,519,957 common shares at a price of \$0.12 for gross proceeds of \$1,517,991. The Company received \$135,000 for this private placement prior to December 31, 2011, which was recorded as share obligations on the December 31, 2011 statement of financial position.
- c) In December 2011, pursuant to a private placement the Company issued 10,017,482 Common Shares at a price of \$0.12 for gross proceeds of \$1,203,449 less agents' commissions of \$72,207.
- d) In January 2011, the Company approved the grant of 100,000 Stock Options exercisable at \$0.29 per share to a project consultant. In April 2011, the Company approved the grants of 300,000 Stock Options to two project consultants exercisable at \$0.26 per share. In August 2011, the Company approved the grant of 550,000 Stock Options to employees of the Company and its subsidiary exercisable at \$0.25 per share.
- e) In February 2011, 200,000 Stock Options were exercised at an exercise price of \$0.13 per option. The Company issued 200,000 Common Shares for net proceeds of \$26,000. Stock-based compensation costs amounting to \$21,422 were re-classified to share capital upon exercise of these options.
- f) In February 2011, 69,700 Agent's Warrants were exercised at an exercise price of \$0.18 per warrant. The Company issued 69,700 Common Shares for net proceeds of \$12,546. The fair value of the Agent's Warrants, in the amount of \$6,915 was also credited to share capital.
- g) In March 2011, 21,000,000 Purchase Warrants were exercised at an exercise price of \$0.15 per warrant. The Company issued 21,000,000 Common Shares for net proceeds of \$3,149,512. The fair value of the Purchase Warrants, in the amount of \$1,138,314, was also credited to share capital. In March 2011, 1,496,681 Agent's Warrants were exercised at an exercise price of \$0.15 per warrant. The Company issued 1,496,681 Common Shares for net proceeds of \$224,502. The fair value of the Agent's Warrants, in the amount of \$167,613, was also credited to share capital.
- h) A total of 9,313,233 Purchase Warrants expired during 2011 with an exercise price of \$0.30 per warrant; a total of 1,650 Agent's Warrants expired with an exercise price of \$0.18 per warrant.
- i) A total of 300,000 Stock Options exercisable at \$0.60 per option and 150,000 Stock Options exercisable at \$0.26 per option expired in 2011.

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9. WARRANTS

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at March 31, 2012:

Expiry date	Exercise price \$	December 31, 2011	Granted	Exercised	Expired/ cancelled	March 31, 2012
Jul 09, 2012	0.310	7,500	-	-	-	7,500
Jul 09, 2015	0.310	5,881,632	-	-	-	5,881,632
Jul 22, 2015	0.310	13,165,593	-	-	-	13,165,593
		19,054,725	-	-	-	19,054,725
Weighted average exercise price (\$)		0.310	-	-	-	0.310

The grant date fair values of common share purchase warrants are recorded as an increase to warrants reserve and a decrease to share capital as an issue cost of each private placement. Fair value is estimated at the grant date using the Black-Scholes pricing model. There were no warrants issued in the first quarter of 2012 or the year 2011.

10. EQUITY SETTLED OPTIONS

Expiry date	Exercise price \$	December 31, 2011	Vested	Granted	Exercised	Expired/ cancelled	March 31, 2012
Jun 07, 2012	0.840	1,652,000	-	-	-	-	1,652,000
Jul 03, 2013	0.290	2,080,000	-	-	-	-	2,080,000
Jul 28, 2013	0.208	4,000,000	-	-	-	-	4,000,000
Sep 22, 2013	0.310	700,000	-	-	-	-	700,000
Oct 04, 2013	0.300	500,000	-	-	-	-	500,000
Oct 04, 2013	0.340	150,000	-	-	-	-	150,000
Oct 30, 2013	0.130	50,000	-	-	-	-	50,000
Dec 26, 2013	0.290	100,000	-	-	-	-	100,000
Jan 13, 2014	0.180	100,000	-	-	-	-	100,000
Feb 11, 2014	0.360	650,000	-	-	-	-	650,000
Apr 20, 2014	0.260	300,000	-	-	-	-	300,000
Aug 04, 2014	0.130	2,365,000	-	-	-	-	2,365,000
Aug 18, 2014	0.250	550,000	-	-	-	-	550,000
Jan 12, 2015	0.125	200,000	-	-	-	-	200,000
Mar 15, 2015	0.190	1,450,000	-	-	-	-	1,450,000
Options outstanding and exercisable		14,847,000	-	-	-	-	14,847,000
Weighted average exercise price (\$)		0.293	-	-	-	-	0.293

The Company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive equity settled options. The maximum number of shares reserved for issuance upon exercise of

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all equity settled 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 equity settled options at the time of grant.

The expiry date of the equity settled options granted may not exceed ten years from the date of grant. The exercise price of each equity settled option shall not be less than the price permitted by any stock exchange on which the common shares are then listed.

No options were issued in the first three months of 2012. The weighted average fair value of equity settled options issued in 2011 on the date of grant was \$0.12 per option. The fair value of equity settled options is estimated at the grant date using the Black-Scholes option pricing model based on the following ranges of assumptions:

	2011
Risk Free Interest Rate	1.56%
Expected Life	3.00 years
Expected Volatility	133%
Expected Dividend	-
Expected Forfeitures	-

11. CASH SETTLED OPTIONS

Expiry date	Exercise price	December 31, 2011	Vested	Granted	Expired/ exercised	cancelled	March 31, 2012
	\$						
August 18, 2014	0.250	1,500,000	-	-	-	-	1,500,000
Options outstanding		1,500,000	-	-	-	-	1,500,000
Weighted average exercise price (\$)		0.250	-	-	-	-	0.250

The Company has an incentive plan to issue cash settled options were the Company will, upon request from the option holder, make a cash payment to the holder equal to any excess in the share price above the exercise price for the options held at the date of exercise.

For the purposes of this incentive plan the share price is interpreted as the closing weighted average price for common shares in the Company traded on TSX-V during the five trading days prior to the relevant date.

No cash settled options were issued in the first three months of 2012. The weighted average fair value of cash settled options issued in 2011 was \$0.11 per option on the date of grant which is been recognized as a share based liability. The fair value of cash settled options is estimated at the grant date using the Black-Scholes option pricing model based on the following ranges of assumptions:

	2011
Risk Free Interest Rate	1.47%
Expected Life	3.00 years
Expected Volatility	133%
Expected Dividend	-
Expected Forfeitures	-

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The fair value of outstanding cash settled options outstanding on the balance sheet date was \$0.04 per option (2011 – \$0.08). The fair value was estimated the using the Black-Scholes option pricing model based on the following assumptions:

	March 31, 2012	December 31, 2011
Risk Free Interest Rate	1.12%	1.23%
Expected Life	2.38 years	2.88 years
Expected Volatility	104%	126%
Expected Dividend	-	-
Expected Forfeitures	-	-