MINDORO
RESOURCES LTD

Consolidated Financial Statements
&
Management's Discussion and Analysis

For the three and six months ended June 30, 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 and six months ended June 30, 2012

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As reported on August 9, 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 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 June 30, 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.

During the three and six months ended June 30, 2012 the Company focussed on achieving two key objectives:

- To form a strategic investment and/or project level partnership to advance the Agata nickel project towards direct shipping ore production ("DSO") and complete a hydrometallurgical processing feasibility study.

- To "spin-out" the gold and copper-gold assets into a listed company with sufficient funds to enable drill-testing of the resource base on the Archangel and Lobo gold projects at Batangas, and advance key porphyry copper-gold projects within the Company's portfolio.

Transactions have been negotiated with Red Mountain Mining Ltd. ("RMX") in relation to the Batangas and Tapian San Francisco ("TSF") gold and copper-gold projects (collectively the "Gold Projects") and with TVI Pacific Inc. relating to the Agata nickel project, with the status of the due diligence, agreements, closing conditions, and various milestones further detailed under the heading "Events Subsequent to June 30, 2012" in this MD&A and in notes 5 and 12 of the interim financial statements. If successfully completed, these transactions are expected to meet both of these key objectives for the Company and provide funding for these key projects.

This Management's Discussion and Analysis ("MD&A") presents the operating results and financial status of the Company for the quarter ended June 30, 2012, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements ("interim financial statements") for the three and six months ended June 30, 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 JUNE 30, 2012

- **Agata Nickel Project**

  ✓ During the three and six months ended June 30, 2012 the Company advanced strategic investment / joint venture partnership negotiations with several parties. Immediately following quarter end, on July 6, 2012, the Company announced that it had signed a Heads of Agreement ("HOA") with Canadian TSX listed company, and Philippines based mine and processing plant operator, TVI for a strategic private placement of $3.155 million in Mindoro as well as proposed joint ventures to fund the Agata Nickel Project to DSO production and complete a nickel processing project DFS.TVI will also have the option to form a joint venture over the Pan de Azucar sulphide project within 12 months.

  - The transaction is subject to satisfactory completion of due diligence by TVI:
  - A loan of $0.94 million advanced on July 11, 2012 secured by the Agata South project.
  - A private placement, in two tranches, totalling $3.155 million in Mindoro @ $0.05 per common share with an attached 5 year Warrant exercisable at $0.10 per common share:

    Tranche 1: $0.94 million in late August 2012 (repaying the securitized loan) and

    Tranche 2, subject to shareholder approval September 26, 2012: $2.2million

- Agata Mining/DSO Joint Venture to fund development of DSO production to earn 60%. Minimum commitment $2million in year 1.
- Agata Processing Joint Venture to fund completion of a DFS to earn 60%. Minimum commitment $2 million in year 1.
- Option to form a Joint Venture on the Pan de Azucar Project. Terms and conditions to include US$2 million to earn 51% then an option to spend another US$3 million to earn an additional 9%, increasing its interest to 60%.
- Additional details are included in the release of July 6, 2012 and note 12 of the interim financial statements.

Also during the quarter, the Company completed internal mine planning and economic modelling and commenced discussions with process engineering groups in preparation for Agata Nickel Project pilot testing and feasibility studies.

- **Gold and Copper-Gold Exploration**

✓ On May 20, 2012 the Company announced signing of a non-binding, conditional Term Sheet in relation to the sale or "spin-out" of key gold and copper-gold assets, to ASX listed RMX. Following Mindoro Shareholder Approval on June 27, 2012 and subsequent to quarter end on July 20, 2012, the Company signed a binding Share Sale Agreement with RMX for the sale of the Batangas and Tapian San Francisco gold and copper-gold assets in the Philippines, payment for which is the issue of shares in RMX. Key aspects of the transaction are as follows:

- The transaction remains subject to various conditions precedent, including TSX Venture Exchange approval and approval by RMX shareholders. A RMX shareholder meeting is planned for September 4, 2012.Other conditions precedent to completion of the transaction are outlined in note 12 of the interim financial statements.
- On completion RMX will issue to Mindoro 100,000,000 RMX shares that will be held by Mindoro in escrow for 12 months and have full voting rights.
- In addition, RMX will issue to Mindoro 50,000,000 Performance Shares that will convert to full voting shares if RMX upgrades the Indicated Resource at Batangas to 600,000 oz. of gold and completes a scoping study that demonstrates a viable gold mining project based on over 50% of the Indicated Resource converting to a Probable Ore Reserve or equivalent within 12 months of completing the transaction. The Performance Shares, if converted, will be subject to a further voluntary escrow period of up to 12 months. The Performance Shares will be cancelled after 12 months from completion if the above objectives are not achieved.
- Mindoro intends to make an in-specie distribution of the initial 100,000,000 RMX Shares on a pro rata basis on expiry of the escrow period 12 months from completion. The 50,000,000 performance based RMX shares may be distributed in-specie to Mindoro shareholders up to an additional 12 months from vesting (maximum of 24 months after completion). RMX has agreed to become a reporting issuer in Canada prior to such share distribution but is not planning to list on the TSX Venture Exchange at this stage. Following in-specie distribution, it is envisaged that a matching facility will be established to facilitate the trade of RMX shares between exchanges.

✓ Also during the quarter, the Company completed field and drill core assessment and planning for a drilling program to test potential high-grade "feeder zones" underneath and adjacent to the existing Resource at Archangel, Batangas Project. Subsequent to the quarter, on July 27, 2012 Mindoro announced it had drawn an initial A$200,000 from an up to A$1 million loan-facility provided by RMX, to commence the drill testing in early August.

- The initial program will include three to five drill holes, each targeting a separate interpreted feeder structure within the Kay Tanda resource area of the Archangel project. Each hole will be structurally oriented and logged to provide maximum information on high-grade vein orientations. The results and information from this program will assist planning for next-stage systematic resource definition and resource expansion drilling.

- **Financial**
  - ✓ After tax loss of $10.1 million represents an increase from first quarter 2012 loss of $0.7 million. The Company has recognized an impairment in the quarter of $9.6 million on exploration properties that were reclassified as held for sale.
  - ✓ At June 30, 2012, the cash balance was $0.9 million and working capital was $0.6 million compared with $2.0 million and $1.7 million respectively at March 31, 2012.
  - ✓ Subsequent to quarter end and on July 11, 2012 the Company received the secured loan of $0.9 million from TVI and on July 27 2012 drew A$0.2 million from a A$1 million loan facility from RMX noted above.
  - ✓ Completion of the private placements proposed by TVI, the majority of which is subject to TVI due diligence and Mindoro shareholder and regulatory approval, will provide $3.155 million in equity financing to the company during the current quarter ending 30 September 2012. Tranche 1 will discharge the $0.9 million secured loan from TVI.
  - ✓ Closing of the gold and copper-gold assets sale to RMX, which is subject to RMX shareholder approval and satisfaction of various conditions precedent, will transfer any loaned funds from the up to A$1 million loan-facility from Mindoro to an RMX intercompany loan.

Table 1: Activities summary for the three and six months ended June 30, 2012

January	Archangel – final results received from drilling program
	Received$0.2 million in second tranche of Private Placement announced in November 2011
February	Received$1.3 million from major shareholders in final tranche of Private Placement.
	Pan de Azucar – Exploration Target announced on pyritic 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.
April	
May	Agata Nickel – update on nickel strategic partnership Batangas – update on gold drilling plans Major Restructuring of Philippines Assets – Term sheet signed with Red Mountain Mining Ltd. for sale of Batangas and Tapian San Francisco Assets
June	Results of AGM

Table 2: Events subsequent to the quarter

July	TVI Pacific Heads of Agreement for proposed investment and Agata joint ventures
	Binding Gold and Copper-Gold assets Sale Agreement signed with Red Mountain Mining
	Funding drawn from Red Mountain Mining to commence drilling Batangas gold targets

MILESTONES TARGETED FOR 2012 - 2013

Agata Nickel Development Project, subject to TVI joint venture funding:

The company has signed a Heads of Agreement with TVI that includes, subject to diligence; TVI operating joint ventures over the Agata Nickel Project and an option to joint venture the Pan de Azucar project (refer to note 12(B) of the Interim Financial Statements). The objectives of the joint ventures, subject to final agreements, are as follows:

- Stage 1: undertake feasibility study and permitting for the DSO project then, subject to economic viability, establish DSO production.
- Stage 2: advance preferred processing technology to pilot testing, and then complete a definitive feasibility study.
- Pan de Azucar: additional drilling to define S-Cu-Au resources and complete a development scoping study.

Copper Gold Exploration, subject to initial loan then completion of transaction with RMX:

The company has signed a binding agreement with RMX whereby RMX will initially loan funds to Mindoro to carry out initial drill testing of the interpreted gold "feeder zones" at Archangel, Batangas then, post-sale (and issue of 100m RMX shares to Mindoro) RMX will own and operate the properties (refer to note 12(A) of the Interim Financial Statements). The objectives of the RMX programs at Batangas are as follows:

- Archangel: initial drilling to define and potentially extend potential high-grade "feeder" structures prior to resource definition and extension drilling.
- Lobo: targeting for further drilling to locate and define potential high-grade epithermal gold shoot targets within the 5km mapped vein trends.
- Batangas and TSF porphyry copper-gold targets: refine priority copper-gold targets on the Batangas and TSF properties and prioritise targets for further drilling, subject to finance or joint venture funding.

SUMMARY OF QUARTERLY RESULTS

TABLE 3

	2010-Q3	2010-Q4	2011-Q1	2011-Q2	2011-Q3	2011-Q4	2012-Q1	**2012-Q2**
	$000	$000	$000	$000	$000	$000	$000	**$000**
Total revenue	-	-	-	-	-	-	-	**-**
General and administrative expenses	(645)	(273)	(427)	(511)	(692)	(674)	(377)	**(443)**
Employee benefits expenses	(355)	(486)	(317)	(393)	(699)	(293)	(254)	**(239)**
Stock based compensation	(658)	(75)	(15)	(38)	(151)	65	12	**54**
Depreciation and amortization	(17)	(14)	(37)	(20)	(33)	(53)	(35)	**(32)**
Operating Expenses	(1,675)	(848)	(796)	(962)	(1,575)	(955)	(654)	**(660)**
Interest income	5	29	85	86	60	26	13	**10**
Foreign exchange	(51)	231	(119)	74	43	(9)	(60)	**121**
Loss on disposal of equipment	-	-	-	-	(26)	(2)	-	**-**
Extinguishment of deferred capital subscription funding	-	-	-	-	3,171	-	-	**-**
Impairment of exploration and evaluation assets	-	-	-	-	(2,951)	-	-	**(9,562)**
Loss before income taxes	(1,721)	(588)	(830)	(802)	(1,278)	(940)	(701)	**(10,091)**
Income taxes	-	187	-	-	-	(10)	-	**-**
Loss for the period	(1,721)	(401)	(830)	(802)	(1,278)	(950)	(701)	**(10,091)**
Loss per share ($)	(0.012)	(0.002)	(0.004)	(0.004)	(0.006)	(0.004)	(0.003)	**(0.040)**

LOSSES

The Company's quarterly operating losses have increased in the second quarter of 2012but continues to be lower than the same period in 2011 and below the average operating loss in the last eight quarters ($1,016,000).

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 second quarter and half year with respective comparatives:

- In the three and six months ended June 30, 2012, operating expenses were lower ($660,000 and $1,314,000) compared to the same period in 2011 ($962,000 and $1,756,000). Consulting fees were higher (2012: $294,000and $465,000vs. 2011: $128,000 and $186,000) as the Company continued to seek a strategic partner for the Agata Nickel project and negotiate the RMX transaction. However, the Company spent less on travel and other administrative costs (2012: $149,000 and $355,000 vs. 2011: $383,000 and $752,000) 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 3).

- 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 $1,695,000 at June 30, 2010 rising to $9,908,000 following the financing in December 2010, and subsequently drawing down to $873,000 at the end of the second 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 second quarter of 2012, the Company used $746,000 in operating activities compared to $594,000 in the second quarter of 2011. This reflects a reduction in non-cash working capital of $65,000 in the quarter compared to a $222,000 increase in second quarter 2011 and lower corporate and employee benefit expenses noted above.

In the first half of 2012, the Company used $1,760,000 in operating activities compared to $1,440,000 in the same period of 2011. This reflects a reduction in non-cash working capital of $460,000 in the current period compared to a $116,000 increase in same period of 2011 and lower corporate and employee benefit expenses noted above.

The Company invested $420,000 in exploration activities in the second quarter of 2012 compared to $2,108,000 in the second quarter of 2011. In the first half of 2012, the Company invested $1,097,000 in exploration activities compared to $3,796,000 in the same period of 2011. Most of the expenditures in the three and six months ended June 30, 2012 relates to internal mine planning and economic modelling on the Agata Nickel project, in preparation for pilot testing and feasibility studies, compilation and planning for further drilling at Archangel, Batangas and continued and social and environmental field programs on all the Company's tenements.

GOING CONCERN

The Company has incurred a net loss of $10,792,000 (June 30, 2011 - $1,630,000) and operating cash outflows of $1,760,000 (June 30, 2011 – $1,440,000). At June 30, 2012 the Company has net current assets before exploration assets and defined benefit retirement obligation held for sale of $559,000 (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. The Company has signed a binding Share Sale Agreement ("SSA") with RMX to sell the Gold Projects subject to RMX shareholder approval and satisfaction of various conditions (notes 5 and 12(A) of the interim financial statements). The Company has also entered into a binding HOA with TVI subject to due diligence and various other conditions including Mindoro shareholder approval, where TVI will acquire a 19.9% interest in Mindoro for $3,155,000 and will earn a 60% interest in Agata and regional nickel projects through joint ventures by sole funding a DSO project to production and completing a DFS on a Nickel processing project (note 12(B) of the interim financial statements). The Company intends to be proactive over the upcoming period in meeting the requirements to complete the transactions above, which will result in the raising of 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. These interim financial statements have therefore been prepared using IFRS applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. 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 with the exception of the property write down summarized within note 5 of the interim financial statements.

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 by definition will 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, 2013andis 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.

(Expressed in Canadian Dollars)

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	-	-
Forfeited/expired	-	(1,652,000)	-
June 30, 2012	254,058,046	13,195,000	19,054,725

In June 2012, 1,652,000 stock options with an exercise price of $0.84 per share expired.

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 that, 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 not are not limited; 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 June 30, 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 June 30, 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 June 30, 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.

EVENTS SUBSEQUENT TO JUNE 30, 2012

(A) RED MOUNTAIN MINING GOLD PROJECTS SALE

On July 23, 2012, the Company announced that it had signed a binding SSA with RMX for the sale of Mindoro's Gold Projects (note 5). Key terms of the SSA are provided below.

Terms of SSA

1) Due diligence has been completed to the satisfaction of both parties.

2) The transaction remains subject to various conditions precedent, including:

a. Completion of an administrative restructuring of the Gold Projects, expected by the end of September 2012;

b. Consent from certain key Philippines management to be transferred to RMX upon completion;

c. TSX Venture Exchange approval and approval by RMX shareholders. A RMX shareholder meeting is planned for September 4, 2012;

d. RMX providing written evidence that the Zhongqu Framework Agreement and Diebu Framework Agreement have each been terminated in accordance with their terms, and that it has formally begun the process of releasing at least US$500,000 funds currently held in its Chinese subsidiary; and

e. Execution of several technical service agreements allowing Mindoro and RMX to share Philippines office space, equipment, and staff.

3) On completion RMX will issue to Mindoro 100,000,000 RMX Shares that will be held by Mindoro in escrow for 12 months and have full voting rights.

4) In addition, RMX will issue to Mindoro 50,000,000 Performance Shares that will convert to RMX Shares if the performance conditions outlined in note 5 are satisfied. The Performance Shares, if converted, will be subject to a further voluntary escrow period of up to 12 months. The Performance Shares will be cancelled after 12 months from completion if the performance conditions are not achieved.

5) Jon Dugdale, President and CEO of Mindoro, will become an executive director of RMX upon completion. After completion and no later than February 28, 2013, Mr. Dugdale will become the Managing Director of RMX, resign as President and CEO, and become a non-executive director of Mindoro.

(B) TVI STRATEGIC INVESTMENT

On July 6, 2012, the Company announced that it had signed a HOA with TVI, a Canadian TSX listed company and Philippines based mine operator, for a strategic private placement of $3,155,000 in Mindoro as well as proposed joint ventures to fund the Agata Nickel Project to DSO production and complete a nickel processing project DFS. TVI will also have the option to form a joint venture over the Pan de Azucar sulphide project within 12 months of the HOA.

Terms of HOA

1. TVI advanced a bridging loan of $938,968 (the "Loan") pursuant to a limited security promissory note. The Loan has been secured by Mindoro's interest in the Agata South nickel laterite mineral project ("Agata South") located on the southern part of the Agata MPSA. The HOA provides that the Loan will be repaid by Mindoro promptly following Tranche 1 investment referred to below using the proceeds of this investment. Otherwise interest will accrue and be payable at a rate of 8% per annum. The loan will mature and be repayable on October 1, 2012. If an event of default were to occur, Mindoro may, at its election, cause the Loan to be repaid with: (i) cash; (ii) the interests of Mindoro (whether direct or indirect) in Agata South; or (iii) the interests of Mindoro (whether direct or indirect) in another Philippines mineral project.

   Funds from the Loan were received on July 11, 2012.

2. Subject to completion of satisfactory due diligence by TVI, TVI will subscribe for a total of 63,115,559 common shares of Mindoro by way of private placement, at a price per unit of $0.05, for a total consideration of $3,155,778. TVI will receive an equal number of common share purchase warrants, with an exercise price of $0.10 per share and a five-year term. The private placement will include two Tranches:

Tranche 1 Investment: Subject to satisfaction of certain conditions including no material adverse event or finding being identified by TVI during due diligence, the subscription of 18,779,353 common shares at a price per unit of $0.05, for a total consideration of $938,969 on August 15, 2012, or such later date, being not later than August 31, 2012, unless otherwise agreed with TVI. TVI will also receive an equal number of common share purchase warrants, with an exercise price of $0.10 per share and a five year term. The proceeds from the Tranche 1 investment will be used to repay the bridging loan referred to above.

Tranche 2 Investment: Subject to Mindoro shareholder approval, the subscription of 44,336,206 common shares at a price per unit of $0.05, for a total consideration of $2,216,810 as soon as reasonably practicable following receipt of Mindoro shareholder approval at a Special Shareholders Meeting to be held not earlier than September 14, 2012 and not later than September 28, 2012. TVI will also receive an equal number of common share purchase warrants, with an exercise price of $0.10 per share and a five year term.

The HOA provides that following the Tranche 2 Investment, TVI will be entitled to nominate one director to the board of directors of Mindoro out of a maximum of six directors and should TVI exercise the Warrants in full, it will have the right to nominate at least two directors to the board of directors of Mindoro.

This private placement is subject to the execution of a definitive subscription agreement and definitive agreements with respect to the joint ventures referred to below, certain other conditions and the receipt of all necessary regulatory and stock exchange approvals, including the approval of the TSX Venture Exchange.

3. TVI will have the exclusive right to form two Joint Ventures (JVs) relating to Mindoro's Agata Nickel Project, comprising the Agata MPSA and exploration permits (EPs) located north and south of the Agata MPSA (but excluding tenements at Tapian San Francisco that are the subject of the transaction with Red Mountain Mining Ltd), as follows:

   Agata DSO Joint Venture (ADJV): TVI will commit to 100% of the required expenditures to establish a DSO operation with the intention of generating early cash flow for the DSO Joint Venture. Once the project starts a DSO operation, TVI will earn a 60% interest in the ADJV, subject to TVI having expended a minimum of $2 million within 12 months and achieving DSO operation within three years of entering into the joint venture agreement with TVI. TVI will retain no interest in the ADJV if it withdraws prior to commencing a DSO operation.

   Agata Processing Joint Venture (APJV): TVI will commit to 100% of the required expenditures to complete a DFS on nickel processing for the Stage 2 Agata Nickel Project. Upon delivery of the DFS, including pilot-scale metallurgical testing, third-party engineering studies and documentation, TVI will earn a 60% interest in the APJV, subject to TVI having expended a minimum of $2 million within 12 months and completing the DFS within four years of entering into the joint venture agreement with TVI. TVI will retain no interest in the APJV if it withdraws prior to completing the DFS.

4. TVI will also have an exclusive option to form a joint venture on the Pan de Azucar Project within 12 months of the HOA, renewable for a further 12 months for payment to Mindoro of $200,000. Terms and conditions to include US$2 million to earn 51% then an option to spend another US$3 million to earn an additional 9%, increasing its interest to 60%.

5. In the event a proposed sale of Mindoro's Tapian San Francisco Project in the Philippines to Red Mountain Mining Ltd. does not proceed, the HOA provides that TVI will have an exclusive option (expiring March 31, 2013) to form a joint venture with Mindoro on terms and conditions suitable for an early stage exploration prospect.

MINDORO
RESOURCES LTD

Condensed Consolidated Interim Financial Statements
(Unaudited)
For the three and six months ended June 30, 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

Condensed Consolidated Interim Statements of Financial Position

Unaudited

(Expressed in Canadian Dollars)

MINDORO RESOURCES LTD

	Note	**June 30, 2012 $000**		December 31, 2011 $000
Assets				
Current assets				
Cash and cash equivalents		**873**		2,089
Accounts receivable		**70**		257
Prepaid expenses and other current assets		**55**		81
Exploration and evaluation assets held for sale	*5*	**7,674**		-
		8,672	-	2,427
Non-current assets				
Exploration and evaluation assets	*5*	**19,697**		34,163
Property and equipment	*6*	**346**		417
		28,715		37,007
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities		**427**		1,034
Share based liability	*11*	**12**		78
Defined benefit retirement obligation held for sale	*5*	**140**		-
		579		1,112
Non-current liabilities				
Defined benefit retirement obligation		**22**		155
		601		1,267
Shareholders equity				
Share capital	*8*	**52,695**		50,925
Share obligation		**-**		135
Reserves		**12,802**		11,271
Accumulated losses		**(37,383)**		(26,591)
		28,114		35,740
		28,715		37,007

Going concern (Note 1)

Subsequent events (Note 12)

These condensed consolidated interim financial statements were approved for issue by the Audit Committee on behalf of the Board of Directors on August 9, 2012 and are signed on their behalf by:

"signed"
Doug Frondall, Director

"signed"
A. Robson Garden, 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)

	Note	Quarter Ended June 30, 2012 $000	Quarter Ended June 30, 2011 $000	Six Months Ended June 30, 2012 $000	Six Months Ended June 30, 2011 $000
Expenses					
General and administration expenses		(443)	(511)	**(820)**	(936)
Employee benefits expense		(239)	(393)	**(493)**	(710)
Stock based compensation	*10, 11*	54	(38)	**66**	(53)
Depreciation and amortization		(32)	(20)	**(67)**	(57)
Expenses		**(660)**	(962)	**(1,314)**	(1,756)
Finance income		10	86	**23**	171
Foreign exchange gain (loss)		121	74	**61**	(45)
Impairment of exploration and evaluation assets	*5*	(9,562)	-	**(9,562)**	-
Loss for the period		**(10,091)**	(802)	**(10,792)**	(1,630)
Exchange differences on translation of foreign operations	*3(C)*	1,416	(267)	**1,531**	(670)
Total comprehensive loss for the period		**(8,675)**	(1,069)	**(9,261)**	(2,300)
Basic and diluted net loss per share		**$ (0.040)**	$ (0.004)	**$ (0.043)**	$ (0.007)
Weighted average number of common shares outstanding (thousands)		**254,058**	229,056	**250,980**	221,399

Condensed Consolidated Interim Statements of Changes in Equity

Unaudited

(Expressed in Canadian Dollars)

	Note	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*	-	-	67	-	-	-	67
Comprehensive loss		-	-	-	-	(670)	(1,630)	(2,300)
June 30, 2011		49,804	-	5,098	5,961	(415)	(24,361)	36,087
December 31, 2011		50,925	135	5,156	5,961	154	(26,591)	35,740
Common shares issued for:								-
Private placement	*8*	1,770	(135)	-	-	-	-	1,635
Comprehensive loss	*3(C)*	-	-	-	-	1,531	(10,792)	(9,261)
June 30, 2012		52,695	-	5,156	5,961	1,685	(37,383)	28,114

Condensed Consolidated Interim Statements of Cash Flows

Unaudited

(Expressed in Canadian Dollars)

	Note	Quarter Ended June 30, 2012 $000	Quarter Ended June 30, 2011 $000	Six Months Ended June 30, 2012 $000	Six Months Ended June 30, 2011 $000
Cash provided by (used in)					
Operating activities					
Loss for the period		**(10,091)**	(802)	**(10,792)**	(1,630)
Items not affecting cash					
Stock based compensation		**(54)**	38	**(66)**	53
Depreciation and amortization		**32**	20	**67**	57
Impairment of exploration and evaluation assets	*5*	**9,562**	-	**9,562**	-
Unrealized exchange differences		**(130)**	(72)	**(71)**	(35)
Other		**-**	-	**-**	(1)
Net change in non-cash working capital items		**(65)**	222	**(460)**	116
		(746)	(594)	**(1,760)**	(1,440)
Investing activities					
Expenditure on exploration and evaluation assets	*5*	**(420)**	(2,108)	**(1,097)**	(3,796)
Purchases of equipment	*6*	**(4)**	(179)	**(4)**	(202)
		(424)	(2,287)	**(1,101)**	(3,998)
Financing activities					
Issue of share capital, net of issuance costs	*8*	**(9)**	-	**1,770**	3,413
Deposits held for private placement	*8*	**-**	-	**(135)**	-
Cash received for deferred capital subscription funding		**-**	(133)	**-**	139
Cash returned from deferred capital subscription funding		**-**	(16)	**-**	(74)
		(9)	(149)	**1,635**	3,478
Increase (decrease) in cash and cash equivalents		**(1,179)**	(3,030)	**(1,226)**	(1,960)
Effects of exchange rate changes on cash and cash equivalents		**9**	10	**10**	17
Cash and cash equivalents at beginning of period		**2,043**	11,051	**2,089**	9,974
Cash and cash equivalents at end of period		**873**	8,031	**873**	8,031

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

1. GOING CONCERN

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

Mindoro Resources Ltd. (the "Company" or "Mindoro") has incurred a net loss of $10,792,000 (June 30, 2011 - $1,630,000) and operating cash outflows of $1,760,000 (June 30, 2011 – $1,440,000). At June 30, 2012 the Company has net current assets before exploration assets and defined benefit retirement obligation held for sale of $559,000 (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. The Company has signed a binding Share Sale Agreement ("SSA") with Red Mountain Mining ("RMX") to sell the Batangas and Tapian San Francisco Gold Projects (collectively the "Gold Projects") subject to RMX shareholder approval and satisfaction of various conditions (notes 5 and 12(A)). The Company has also entered into a binding Heads of Agreement ("HOA") with TVI Pacific Inc. ("TVI") subject to due diligence and various other conditions including Mindoro shareholder approval, where TVI will acquire a 19.9% interest in Mindoro for $3,155,000 and will earn a 60% interest in Agata and regional nickel projects through joint ventures by sole funding a direct shipping ore ("DSO") project to production and completing a Definitive Feasibility Study ("DFS") on a Nickel processing project (note 12(B)). The Company intends to be proactive over the upcoming period in meeting the requirements to complete the transactions above, which will result in the raising of 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. These interim financial statements have therefore been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. 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 with the exception of the property write down summarized within note 5.

2. NATURE OF OPERATIONS

The Company's principal activities are the acquisition, exploration and development of mineral properties in the Philippines.

Mindoro 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.

The policies applied in these interim financial statements are based on the 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 "$"). The functional currency of Mindoro Resources Ltd. is the Australian Dollar ("AUD" or "A$"). 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 where 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 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 comprehensive 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 June 30, 2012 the Company had $63,000 cash equivalents (December 31, 2011 - $Nil).

(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.

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).

Evidence of impairment may include observable data which indicates that there is a measurable decrease in the estimated future cash flows or fair value less costs to sell such as a binding sale transaction or reasonable expectation for there to be a binding sale transaction because only limited conditions are outstanding

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) NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(J) 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.

(K) 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.

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.

(L) 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.

(M) 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.

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

(O) 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.

(P) 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.

(Q) 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.

(R) 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.
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.

(S) 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 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.

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.

(T) 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
- 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
- IFRS 7 Financial Instruments: Disclosures, amendments regarding offsetting financial assets and financial liabilities

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

(U) COMPARATIVE PERIODS

Certain amounts included within the comparative period have been reclassified to conform to the current period's 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 six months ended June 30, 2012 or June 30, 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 June 30, 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.

	June 30, 2012		December 31, 2011	
	PHP 000	AUD 000	PHP 000	AUD 000
Cash	8,308	408	12,633	1,158
Accounts receivable	1,993	19	2,351	208
Accounts payable	(8,824)	(159)	(19,997)	(328)
Net foreign currency exposure	**1,477**	**268**	(5,013)	1,038
Exchange rate	0.02430	1.04310	0.02320	1.04240
Foreign currency exposure ($000)	**36**	**280**	(116)	1,082

Based on net exposures at June 30, 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 $4,000 (2011 - $12,000). A 10% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's comprehensive loss by $28,000 (2011 - $108,000).

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 $873,000 in cash and cash equivalents at June 30, 2012 (2011 - $2,089,000), 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.

	June 30, 2012		December 31, 2011	
	$000	Weighted average effective interest rate	$000	Weighted average effective interest rate
Financal assets				
Cash and cash equivalents	873	2.77%	2,089	3.67%
Accounts receivables	70	0.00%	257	0.00%
	943		2,346	
Financial Liabilities				
Accounts payable and accrued liabilities	427	0.00%	1,034	0.00%
	427		1,034	
Net Exposure	516		1,312	

At June 30, 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 six months would have been $4,000 (2011: $40,000) higher/lower, as a result of higher/lower interest income from cash and cash equivalents.

5. EXPLORATION AND EVALUATION ASSETS

	Surigao		Batangas						
	Agata $000	Tapian & Regional $000	El Paso $000	Lobo $000	Talahib $000	Archangel $000	**Pan de Azucar** $000	**Royalty Deposits** $000	**Total** $000
December 31, 2010	**8,277**	**3,675**	**2,193**	**5,883**	**348**	**6,930**	**620**	**214**	**28,140**
Property acquistion	267	(75)	38	68	3	1	5	-	**307**
Exploration *	5,777	933	151	553	42	318	804	-	**8,578**
Royalty deposits	-	-	-	-	-	-	-	27	**27**
Impairment	-	-	(1,140)	(1,572)	(231)	-	-	(8)	**(2,951)**
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 acquistion	8	(9)	-	-	-	-	-	-	**(1)**
Exploration *	446	103	218	123	9	163	49	-	**1,111**
Royalty deposits	-	-	-	-	-	-	-	20	**20**
Impairment	-	(1,527)	(740)	(2,875)	(63)	(4,357)	-	-	**(9,562)**
Currency translation	700	214	68	231	9	351	67	-	**1,640**
June 30, 2012	**15,717**	**3,391**	**593**	**2,306**	**49**	**3,498**	**1,567**	**250**	**27,371**
Exploration and evaluation assets held for sale	**-**	**1,228**	**593**	**2,306**	**49**	**3,498**	**-**	**-**	**7,674**
Exploration and evaluation assets	**15,717**	**2,163**	**-**	**-**	**-**	**-**	**1,567**	**250**	**19,697**

** Includes depreciation and other non-cash items in the first half of 2012 totalling $33,000 (2011 - $106,000)*

The following table summarizes Mindoro's earned mineral property interests and future commitments at June 30, 2012:

Region	***Project(s)***	***Interest Earned***	***Terms for Further Earn-In And Potential Future Commitments***
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.

(Expressed in Canadian Dollars, unless otherwise noted)

Region	*Project(s)*	*Interest Earned*	*Terms for Further Earn-In And Potential Future Commitments*
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 half of 2012, royalty payments amounted to $20,000 (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.

PRESENTATION AND IMPAIRMENT IMPLICATIONS OF RMX TRANSACTION

Prior to the end of the period, the Company committed to a plan to sell the Batangas and Tapian San Francisco Gold Projects ("Gold Projects") and commenced an active program to locate and complete a sale transaction.

On July 23, 2012, the Company announced that it signed a SSA with RMX, an Australian ASX listed company, whereby Mindoro will sell the Gold Projects in exchange for 100 million RMX common shares ("RMX Shares").

The Company will receive an additional 50 million RMX Shares (the "Performance Shares") subject to RMX increasing the Indicated Resource to 600,000 ounces of gold and completing a scoping study demonstrating a viable gold mining project based on over 50% of the Indicated Resource converting to a Probable Ore Reserve or equivalent economic ounces.

In anticipation of the sale, the Company has reclassified the Gold Projects as exploration and evaluation assets held for sale and revalued the assets to the lower of their carrying amount and fair value less costs to sell. The carrying amount of the Gold Projects was $17,236,000 while the fair value less costs to sell is estimated at $7,674,000 (table below).

The fair value less costs to sell of the Gold Projects has been estimated based on the following assumptions:

		$000
Number of RMX Shares to be received under SSA	100,000,000	
Closing price of RMX shares at June 30, 2012	$0.078	
Market value ($000)	7,823	7,823
Defined benefit retirement obligation held for sale		140
Fair value of Gold Projects		7,963
Costs to sell		(289)
Fair value less costs to sell Gold Projects		**7,674**

RMX will assume the contracts of a number of key Philippine employees under the SSA and provide their services back to Mindoro under technical service agreements. RMX will also assume the defined benefit retirement obligations associated with these employees carried in the amount of $140,000 and presented these as liabilities held for sale.

The Company will incur documentary stamp tax, value added tax, and capital gains taxes in the Philippines estimated to total $265,000 due to a corporate restructure required as a conditions precedent to settlement of the SSA as well as $24,000 in other costs associated with settlement. These costs will be expensed in the period they occur.

The following table identifies how the impairment has been recognized:

	Tapian San Francisco	El Paso	Lobo	Talahib	Archangel	**Total**
	$000	$000	$000	$000	$000	**$000**
Carrying value	2,755	1,333	5,181	112	7,855	**17,236**
LESS: Fair value less cost to sell	(1,228)	(593)	(2,306)	(49)	(3,498)	**(7,674)**
Impairment recognized	**1,527**	**740**	**2,875**	**63**	**4,357**	**9,562**

The Company anticipates that the transaction will complete prior to December 14, 2012. Refer to note 12(A) for additional information on this transaction.

OTHER

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).

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
Cost						
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
Additions	-	2	-	-	2	4
Translation adjustment	6	11	9	4	17	47
June 30, 2012	**115**	**258**	**206**	**120**	**370**	**1,069**
Accumulated depreciation						
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	7	9	23	10	55	104
Translation adjustment	3	6	3	2	4	18
June 30, 2012	**88**	**228**	**146**	**84**	**177**	**723**
Net book value at:						
December 31, 2011	**31**	**32**	**77**	**44**	**233**	**417**
June 30, 2012	**27**	**30**	**60**	**36**	**193**	**346**

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.

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 June 30, 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.

(Expressed in Canadian Dollars, unless otherwise noted)

9. WARRANTS

The following table summarizes information about Common Share purchase warrants outstanding and exercisable as at June 30, 2012:

Expiry date	Exercise price $	December 31, 2011	Granted	Exercised	Expired/ cancelled	June 30, 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 half of 2012 or the year 2011.

10. EQUITY SETTLED OPTIONS

Expiry date	Exercise price $	December 31, 2011	Vested	Granted	Exercised	Expired/ cancelled	June 30, 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**	-	-	-	(1,652,000)	**13,195,000**
Weighted average exercise price ($)		**0.293**	**-**	**-**	**-**	**0.840**	**0.225**

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 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.

(Expressed in Canadian Dollars, unless otherwise noted)

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 six 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	Exercised	Expired/ cancelled	**June 30, 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 six 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	-

(Expressed in Canadian Dollars, unless otherwise noted)

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:

	June 30, 2012	December 31, 2011
Risk Free Interest Rate	1.10%	1.23%
Expected Life	2.13 years	2.88 years
Expected Volatility	100%	126%
Expected Dividend	-	-
Expected Forfeitures	-	-

12. SUBSEQUENT EVENTS

(A) RED MOUNTAIN MINING GOLD PROJECTS SALE

On July 23, 2012, the Company announced that it had signed a binding SSA with RMX for the sale of Mindoro's Gold Projects (note 5). Key terms of the SSA are provided below.

Terms of SSA

1) Due diligence has been completed to the satisfaction of both parties.

2) The transaction remains subject to various conditions precedent, including:

    a. Completion of an administrative restructuring of the Gold Projects, expected by the end of September 2012;

    b. Consent from certain key Philippines management to be transferred to RMX upon completion;

    c. TSX Venture Exchange approval and approval by RMX shareholders. A RMX shareholder meeting is planned for September 4, 2012;

    d. RMX providing written evidence that the Zhongqu Framework Agreement and Diebu Framework Agreement have each been terminated in accordance with their terms, and that it has formally begun the process of releasing at least US$500,000 funds currently held in its Chinese subsidiary; and

    e. Execution of several technical service agreements allowing Mindoro and RMX to share Philippines office space, equipment, and staff.

3) On completion RMX will issue to Mindoro 100,000,000 RMX Shares that will be held by Mindoro in escrow for 12 months and have full voting rights.

4) In addition, RMX will issue to Mindoro 50,000,000 Performance Shares that will convert to RMX Shares if the performance conditions outlined in note 5 are satisfied. The Performance Shares, if converted, will be subject to a further voluntary escrow period of up to 12 months. The Performance Shares will be cancelled after 12 months from completion if the conditions are not achieved.

5) Jon Dugdale, President and CEO of Mindoro, will become an executive director of RMX upon completion. After completion and no later than February 28, 2013, Mr. Dugdale will become the Managing Director of RMX and resign as President and CEO and become a non-executive director of Mindoro.

Loan Facility Draw Down

On July 27, 2012 the Company drew an initial A$200,000 from the RMX loan facility of up to A$1 million.

(B) TVI STRATEGIC INVESTMENT

On July 6, 2012, the Company announced that it had signed a HOA with TVI, a Canadian TSX listed company and Philippines based mine operator, for a strategic private placement of $3,155,000 in Mindoro as well as proposed joint ventures to fund the Agata Nickel Project to DSO production and complete a nickel processing project DFS. TVI will also have the option to form a joint venture over the Pan de Azucar sulphide project within 12 months of the HOA.

Terms of HOA

1. TVI advanced a bridging loan of $938,968 (the "Loan") pursuant to a limited security promissory note. The Loan has been secured by Mindoro's interest in the Agata South nickel laterite mineral project ("Agata South") located on the southern part of the Agata MPSA. The HOA provides that the Loan will be repaid by Mindoro promptly following Tranche 1 investment referred to below using the proceeds of this investment. Otherwise interest will accrue and be payable at a rate of 8% per annum. The loan will mature and be repayable on October 1, 2012. If an event of default were to occur, Mindoro may, at its election, cause the Loan to be repaid with: (i) cash; (ii) the interests of Mindoro (whether direct or indirect) in Agata South; or (iii) the interests of Mindoro (whether direct or indirect) in another Philippines mineral project.

   Funds from the Loan were received on July 11, 2012.

2. Subject to completion of satisfactory due diligence by TVI, TVI will subscribe for a total of 63,115,559 common shares of Mindoro by way of private placement, at a price per unit of $0.05, for a total consideration of $3,155,778. TVI will receive an equal number of common share purchase warrants, with an exercise price of $0.10 per share and a five-year term. The private placement will include two Tranches:

   Tranche 1 Investment: Subject to satisfaction of certain conditions including no material adverse event or finding being identified by TVI during due diligence, the subscription of 18,779,353 common shares at a price per unit of $0.05, for a total consideration of $968,969 on August 15, 2012, or such later date, being not later than August 31, 2012, unless otherwise agreed with TVI. TVI will also receive an equal number of common share purchase warrants, with an exercise price of $0.10 per share and a five year term. The proceeds from the Tranche 1 investment will be used to repay the bridging loan referred to above.

   Tranche 2 Investment: Subject to Mindoro shareholder approval, the subscription of 44,336,206 common shares at a price per unit of $0.05, for a total consideration of $2,216,810 as soon as reasonably practicable following receipt of Mindoro shareholder approval at a Special Shareholders Meeting to be held not earlier than September 14, 2012 and not later than September 28, 2012. TVI will also receive an equal number of common share purchase warrants, with an exercise price of $0.10 per share and a five year term.

   The HOA provides that following the Tranche 2 Investment, TVI will be entitled to nominate one director to the board of directors of Mindoro out of a maximum of six directors and should TVI exercise the Warrants in full, it will have the right to nominate at least two directors to the board of directors of Mindoro.

   This private placement is subject to the execution of a definitive subscription agreement and definitive agreements with respect to the joint ventures referred to below, certain other conditions and the receipt of all necessary regulatory and stock exchange approvals, including the approval of the TSX Venture Exchange.

3. TVI will have the exclusive right to form two Joint Ventures (JVs) relating to Mindoro's Agata Nickel Project, comprising the Agata MPSA and exploration permits (EPs) located north and south of the Agata MPSA (but

excluding tenements at Tapian San Francisco that are the subject of the transaction with Red Mountain Mining Ltd), as follows:

Agata DSO Joint Venture (ADJV): TVI will commit to 100% of the required expenditures to establish a Direct Shipping Ore (DSO) operation with the intention of generating early cash flow for the DSO Joint Venture. Once the project starts a DSO operation, TVI will earn a 60% interest in the ADJV, subject to TVI having expended a minimum of $2 million within 12 months and achieving DSO operation within three years of entering into the joint venture agreement with TVI. TVI will retain no interest in the ADJV if it withdraws prior to commencing a DSO operation.

Agata Processing Joint Venture (APJV): TVI will commit to 100% of the required expenditures to complete a DFS on nickel processing for the Stage 2 Agata Nickel Project. Upon delivery of the DFS, including pilot-scale metallurgical testing, third-party engineering studies and documentation, TVI will earn a 60% interest in the APJV, subject to TVI having expended a minimum of $2 million within 12 months and completing the DFS within four years of entering into the joint venture agreement with TVI. TVI will retain no interest in the APJV if it withdraws prior to completing the DFS.

4. TVI will also have an exclusive option to form a joint venture on the Pan de Azucar Project within 12 months of the HOA, renewable for a further 12 months for payment to Mindoro of $200,000. Terms and conditions to include US$2 million to earn 51% then an option to spend another US$3 million to earn an additional 9%, increasing its interest to 60%.

5. In the event a proposed sale of Mindoro's Tapian San Francisco Project in the Philippines to Red Mountain Mining Ltd. does not proceed, the HOA provides that TVI will have an exclusive option (expiring March 31, 2013) to form a joint venture with Mindoro on terms and conditions suitable for an early stage exploration prospect.