



MINDORO  
RESOURCES LTD

Condensed Consolidated Interim Financial Statements  
(Unaudited)  
&  
Management's Discussion and Analysis  
For the three months ended March 31, 2013  
(Expressed in Canadian Dollars)

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

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For the three months ended March 31, 2013



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## Management's Discussion and Analysis

For the three months ended March 31, 2013

As reported on May 15, 2013

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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 the CEO of Mindoro and 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 is also Mindoro's representative on the TVI Pacific-operated joint ventures, and monitors these on behalf of Mindoro. Mr. Climie has consented to the release of the technical information in the form and context in which it appears.

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## **COMPANY PROFILE AND STRATEGY**

During the three months ended March 31, 2013 (the “quarter”), Mindoro Resources Ltd. (“Mindoro” or the “Company”) focused on monitoring its TVI Pacific-operated joint ventures, renegotiating an option agreement to acquire the remaining 25% interest in the Agata projects held by its Philippines partner, Minimax Mineral Exploration Corporation (“Minimax”), reducing overhead costs, and securing financing to fund its general administrative and corporate expenses for 2013.

This Management’s Discussion and Analysis (“MD&A”) presents the operating results and financial status of the Company for the three months ended March 31, 2013, and should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements (“interim financial statements”) for the three months ended March 31, 2013 and the audited consolidated financial statements for the year ended December 31, 2012. The 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, Australian Securities 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](http://www.sedar.com), and on the Company’s website at [www.mindoro.com](http://www.mindoro.com).

## **OVERVIEW FOR THE THREE MONTHS ENDED MARCH 31, 2013**

### **• Agata Nickel Project and Pan de Azucar Copper-Gold-Sulphur Project**

- ✓ Under the Agata Mining Joint Venture (“AMJV”) and Agata Processing Joint Venture (“APJV”) agreements and the Pan de Azucar Mining Joint Venture (“PDAMJV”) and Pan de Azucar Processing Joint Venture (“PDAPJV”) agreements signed on September 25, 2012, TVIRD (TVI Pacific’s Philippine operating affiliate) is operating exploration and development activities and may earn a 60% equity in each joint venture subject to satisfying certain milestones and/or expenditure objectives:
- Under the AMJV, TVIRD, as operator, to fund development of direct shipping ore (“DSO”) production to earn 60%. Minimum expenditure requirement of \$2 million in year 1 and minimum commitment of \$500,000 before withdrawal.
- Under the APJV, TVIRD, as operator, to fund completion of a Definitive Feasibility Study (“DFS”) to earn 60%. Minimum expenditure requirement of \$2 million in year 1 and minimum commitment of \$500,000 before withdrawal.
- Under the PDAMJV, TVIRD, as operator, to fund development of DSO production to earn 60%. Minimum expenditure requirement of \$2 million in year 1 and minimum commitment of \$500,000 before withdrawal.
- Under the PDAPJV, TVIRD as operator to fund \$2 million to earn 51% then an option to spend another US\$3 million to earn an additional 9%, increasing its interest to 60%.

During the first quarter of 2013, the Company released an updated 43-101 compliant resource estimate, completed by AMJV, on the Agata North nickel laterite deposit with a measured and indicated resource of 33.9 million dry metric tonnes (“dmt”) at 1.1% nickel and a 2.0 million dmt inferred resource at 1.05% nickel. The current resource estimate includes 7.9 million dmt or about 10 million wet metric tonnes (“wmt”) at 48.5% iron and 0.94% nickel which AMJV considers suitable for a high iron laterite DSO operation.

TVI continues to advance the Agata and Pan de Azucar joint ventures with the objective of achieving the following near and medium term operations:

**Near term:**

- high iron laterite direct shipping ore (“DSO”) operation
- limestone DSO operation

**Medium term:**

- pyrite material DSO
- lime production facility
- nickel processing plant

• **Red Mountain Investment**

During the first quarter of 2013, Mindoro’s 53.3% owned investee, Red Mountain, has continued exploration and drill programs at the Archangel and Lobo projects in Batangas with the objectives of defining and potentially extending potential high-grade “feeder” structures at Archangel and locating and defining potential high-grade epithermal gold shoot targets at Lobo.

• **Financial**

- ✓ After tax loss of \$680,000 represents a decrease compared to the net loss in the first quarter of 2012 of \$701,000. The Company recognized an impairment of \$645,000 on an investment held for distribution.
- ✓ At March 31, 2013, the cash balance was \$401,000 and working capital deficit was \$41,000 compared with \$619,000 and \$200,000 respectively at December 31, 2012.

**Table 1: Activities summary for the three months and ended March 31, 2013**

February	Update on TVI joint venture projects
March	Melbourne, Australia office closed, relocated corporate office to Calgary, Canada
April	Financial results released for the year ended December 31, 2012
	Updated Resource Estimate on Agata North

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## **MILESTONES TARGETED FOR 2013**

### **Agata Nickel Development Project and Pan de Azucar Exploration:**

The Company has signed Joint Venture agreements with TVI Pacific over the Agata Nickel and Pan de Azucar projects (refer to note 7 of the 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. Production targeted for late 2013.
- Stage 2: advance preferred processing technology to pilot testing, and then complete a definitive feasibility study by the end of 2013.
- Pan de Azucar: evaluation of merits of using pyrite for sulphuric acid production for Agata nickel laterite processing operation.

### **Red Mountain Distribution and Exploration Program**

Mindoro had a 53% interest in Red Mountain at March 31, 2013, and, pursuant to the Share Sale Agreement with Red Mountain, is required to distribute at least a majority of its interest to Mindoro's shareholders after the securities are released from escrow on October 31, 2013.

Red Mountain has been operating a drill program at the Archangel and Lobo projects in Batangas. Red Mountain has advised that the objectives of their 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: further drilling to extend known mineralization, and locate and define potential high-grade epithermal gold shoots within the >7 km of mapped vein-breccia 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 2: SUMMARY OF QUARTERLY RESULTS

	2011-Q2	2011-Q3	2011-Q4	2012-Q1	2012-Q2	2012-Q3	2012-Q4	2013-Q1
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total revenue	-	-	-	-	-	-	-	-
General and administrative expenses	(511)	(692)	(674)	(377)	(443)	(561)	(160)	<b>(188)</b>
Employee benefits expenses	(393)	(699)	(293)	(254)	(239)	(183)	(268)	<b>(70)</b>
Stock based compensation	(38)	(151)	65	12	54	(8)	8	<b>4</b>
Depreciation and amortization	(20)	(33)	(53)	(35)	(32)	(34)	(35)	<b>(13)</b>
Operating Expenses	(962)	(1,575)	(955)	(654)	(660)	(786)	(455)	<b>(267)</b>
Interest income	86	60	26	13	10	5	3	<b>1</b>
Foreign exchange	74	43	(9)	(60)	121	(104)	550	<b>239</b>
Impairment of investment held for distribution	-	-	-	-	-	-	-	<b>(645)</b>
Extinguishment of deferred capital subscription funding	-	3,171	-	-	-	-	-	-
Impairment of exploration and evaluation assets	-	(2,951)	-	-	(9,562)	2,280	(322)	-
Loss on disposal of equipment	-	(26)	(2)	-	-	-	-	<b>(8)</b>
Loss before income taxes	(802)	(1,278)	(940)	(701)	(10,091)	1,395	(224)	<b>(680)</b>
Income taxes	-	-	(10)	-	-	-	(91)	-
Loss for the period	(802)	(1,278)	(950)	(701)	(10,091)	1,395	(315)	<b>(680)</b>
Loss per share (\$)	(0.004)	(0.006)	(0.004)	(0.003)	(0.040)	0.005	(0.001)	<b>(0.002)</b>

### LOSSES

The decrease in quarterly losses in the current quarter compared to the same period of 2012 reflect a significant reduction of corporate activity following the signing of joint venture agreements with TVI (see note 7 of the interim financial statements) and the sale to Red Mountain of the Batangas and Tapanan San Francisco Gold and Copper/Gold projects. The increase in annual losses from 2011 to 2012 reflects the disposition of its gold assets in the fourth quarter of 2012 offset by a reduction on operating expenses in 2012. The Company's quarterly operating expenses have continued to decrease in the first quarter of 2013 compared to the fourth quarter of 2012 and first quarter of 2012 and are below the average operating loss in the last eight quarters (\$789,000).

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

- Changes in key management in the third and fourth quarters of 2012 and third quarter of 2011;
- The closure of the Melbourne, Australia office in first quarter 2013; and
- Corporate transactions with Red Mountain and TVI Pacific in the third and fourth quarters of 2012;

Further commentary on operating expenses in the first quarter of 2013 with respective comparatives:

- In the three months ended March 31, 2013, operating expenses were lower (\$267,000) compared to the same period in 2012 (\$654,000). The Company has made significant reductions in consulting, legal, travel and other general and administrative costs in the current quarter compared to the same period of 2012.

- Employee benefit expenses are lower in the current quarter compared to the same period last year because of the reduction in personnel noted above (Table 2). The Company expects employee benefits expenses to stabilize at current levels for the remainder of 2013.
- Impairment losses in the current quarter are the result of a decline in the fair value of Mindoro's interest in Red Mountain. Impairment losses in 2012 were recorded because of the transaction with Red Mountain noted above. Impairment losses in 2011 were the result of Gold Field's withdrawal from joint ventures on the Batangas properties.
- 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 were \$10,984,000 at March 31, 2011 and drawn down to \$401,000 at the end of the first quarter of 2013. Foreign exchange gains and losses also reflect fluctuations in the Australian Dollar and Philippine Peso relative to the Canadian dollar over the last eight quarters, resulting in higher costs incurred in those currencies. The change in functional currency in the first quarter of 2012 has not materially affected the interim financial statements.

#### **CASH FLOWS**

In the first quarter of 2013, the Company used \$245,000 in operating activities compared to \$1,014,000 in the first quarter of 2012. This reflects an increase in non-cash working capital of \$16,000 in the quarter compared to a \$395,000 decrease in the first of quarter 2012 and lower corporate and employee benefit expenses noted above.

In the first quarter of 2013, the Company received \$17,000 in net cost recoveries for exploration expenditures from joint venture partner TVI Pacific, compared to exploration expenditures of \$677,000 in the same period of 2012. Most of the expenditure and recoveries in the first quarter of March 31, 2013 relate to community relations, environmental, and support costs for the Agata and Pan de Azucar joint venture projects.

#### **GOING CONCERN**

These interim financial statements are prepared on a going concern basis.

The Company has incurred a net loss of \$680,000 (March 31, 2012 - \$701,000) and operating cash outflows of \$245,000 (March 31, 2012 - \$1,014,000). At March 31, 2013 the Company has net current liabilities before investments held for distribution of \$41,000 (December 31, 2011 - \$1,315,000). Mining and exploration licences held by the Company have annual expenditure obligations to maintain their 'good standing' status. These expenditure obligations have been assumed by TVI Pacific as described below.

The ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing exploration activities. The Company and TVI Pacific have entered into joint venture agreements where TVI Pacific has the right to earn a 60% interest in Agata and regional nickel projects by sole funding a DSO project to production and completing a DFS on a Nickel processing project, and up to 60% in the Pan De Azucar massive sulfide project by meeting certain expenditure and earn-in objectives (note 7 **Error! Reference source not found.** of the interim financial statements). These joint ventures require TVI Pacific to finance Mindoro's mineral property expenditure commitments.

The Company is in discussions to acquire debt financing and is confident that sufficient funds will be available for the Company to meet its obligations for the next twelve months. However, even with this debt facility expected to be in place in the next quarter, until the Company begins seeing positive cash flow from the TVI Joint Ventures there is material uncertainty related to events or conditions that may cast significant doubt 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 financial statements.

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The Board of Directors consider the Company to be a going concern, but recognize that it is dependent on the raising of additional funds, the support of partners, 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.

## **DISCUSSION OF PROJECTS**

### **AGATA NICKEL PROJECT (75% ECONOMIC INTEREST, OPTIONS FOR 100%)**

The Company's joint venture partner, TVI Pacific and its Philippines based operator, ("TVIRD"), are progressing a two stage development strategy for the Agata Nickel Project. This includes a Stage one DSO operation followed by a Stage two low operating cost nickel processing operation based on established hydrometallurgical acid leach processing technology. TVIRD's Project Execution/Technology Development team for the Mindoro joint venture projects is composed of highly skilled technical experts who are familiar with the assets and the type of processing plant technology expected to be used.

#### **High Iron and Limestone DSO Operations/Lime Production Facility**

The high iron laterite and limestone deposits occur within one kilometre from the coast, which is expected to positively affect transportation costs due to the close proximity of the mine pit and quarry to the port.

The upper portions of the laterite profile comprise the ferruginous zone and limonite zone, both rich in iron. On April 11, 2013, the Company announced an updated 43-101 compliant resource estimate on Agata North nickel laterite deposit that includes an estimated 10 million wmt of high iron material at 48.5% iron and 0.94% nickel. This current resource estimate has defined sufficient high-iron limonite for approximately five years of DSO production at approximately 2 million wmt per year. The deposit is expected to be developed as a surface mining operation with the high iron material most likely sold to the Chinese iron ore market. Beneath the ferruginous and limonite zone is the higher nickel-grade saprolite zone, which will be the dominant feed for a new nickel processing facility currently under consideration by the Project Execution/Technology Development team.

The table below shows results of the resource estimate at a cut-off grade of 0.5% nickel for the limonite horizon and 0.8% nickel for the saprolite horizon. This resource estimate is exclusive of the other regional nickel laterite deposits being Agata South, Bolo-bolo, and Karihatag.

**Management's Discussion and Analysis**  
 For the three months ended March 31, 2013  
 (Expressed in Canadian Dollars)



Classification	Sub-Domain	kTonnes	Ni	Co	Fe	Al	Mg	SiO <sub>2</sub>	CaO	Cr <sub>2</sub> O <sub>3</sub>	MnO
Measured	Upper Limonite	211	0.98	0.11	49.7	3.11	0.5	2.8	0.03	3.67	1.01
	Lower Limonite	27	1.13	0.15	35.5	2.57	5.1	21.1	0.22	2.86	0.85
	<b>Total Limonite</b>	<b>238</b>	<b>1.00</b>	<b>0.11</b>	<b>48.1</b>	<b>3.05</b>	<b>1.0</b>	<b>4.9</b>	<b>0.05</b>	<b>3.58</b>	<b>1.00</b>
	Upper Saprolite	478	1.19	0.03	11.3	0.39	17.9	41.6	0.32	0.89	0.23
	Lower Saprolite										
	<b>Total Saprolite</b>	<b>478</b>	<b>1.19</b>	<b>0.03</b>	<b>11.3</b>	<b>0.39</b>	<b>17.9</b>	<b>41.6</b>	<b>0.32</b>	<b>0.89</b>	<b>0.23</b>
	<b>Measured Sub-Total</b>	<b>716</b>	<b>1.13</b>	<b>0.06</b>	<b>23.5</b>	<b>1.27</b>	<b>12.3</b>	<b>29.4</b>	<b>0.23</b>	<b>1.78</b>	<b>0.49</b>
Indicated	Upper Limonite	8,360	0.93	0.11	47.9	3.45	0.6	3.3	0.21	3.13	0.92
	Lower Limonite	1,403	1.00	0.12	36.3	3.01	3.6	15.8	0.23	2.58	0.83
	<b>Total Limonite</b>	<b>9,764</b>	<b>0.94</b>	<b>0.11</b>	<b>46.3</b>	<b>3.39</b>	<b>1.0</b>	<b>5.1</b>	<b>0.22</b>	<b>3.05</b>	<b>0.90</b>
	Upper Saprolite	23,411	1.16	0.03	11.9	0.55	16.5	40.3	0.35	0.91	0.25
	Lower Saprolite	48	0.84	0.02	8.9	0.35	19.4	41.1	0.33	0.70	0.18
	<b>Total Saprolite</b>	<b>23,459</b>	<b>1.16</b>	<b>0.03</b>	<b>11.9</b>	<b>0.55</b>	<b>16.5</b>	<b>40.3</b>	<b>0.35</b>	<b>0.91</b>	<b>0.25</b>
	<b>Indicated Sub-Total</b>	<b>33,222</b>	<b>1.10</b>	<b>0.05</b>	<b>22.0</b>	<b>1.38</b>	<b>11.9</b>	<b>30.0</b>	<b>0.31</b>	<b>1.54</b>	<b>0.44</b>
<b>Measured &amp; Indicated</b>	<b>Grand Total</b>	<b>33,938</b>	<b>1.10</b>	<b>0.05</b>	<b>22.0</b>	<b>1.38</b>	<b>11.9</b>	<b>30.0</b>	<b>0.31</b>	<b>1.55</b>	<b>0.44</b>
Inferred	Upper Limonite	178	1.05	0.11	47.7	3.38	0.8	5.5	0.03	3.16	0.93
	Lower Limonite	79	1.15	0.10	35.7	2.97	3.9	21.7	0.14	2.73	0.82
	<b>Total Limonite</b>	<b>258</b>	<b>1.08</b>	<b>0.11</b>	<b>44.0</b>	<b>3.25</b>	<b>1.8</b>	<b>10.5</b>	<b>0.06</b>	<b>3.03</b>	<b>0.90</b>
	Upper Saprolite	1,828	1.04	0.03	12.4	0.63	16.2	41.5	0.35	0.99	0.26
	Lower Saprolite	0.02	1.11	0.02	7.3	0.21	18.9	42.7	0.28	0.65	0.16
	<b>Total Saprolite</b>	<b>1,828</b>	<b>1.04</b>	<b>0.03</b>	<b>12.4</b>	<b>0.63</b>	<b>16.2</b>	<b>41.5</b>	<b>0.35</b>	<b>0.99</b>	<b>0.26</b>
	<b>Grand Total</b>	<b>2,086</b>	<b>1.04</b>	<b>0.04</b>	<b>16.3</b>	<b>0.96</b>	<b>14.4</b>	<b>37.7</b>	<b>0.32</b>	<b>1.24</b>	<b>0.34</b>

The mineral resource estimates were produced by Mark Gifford MSc (Hons), who is a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM) and an independent qualified person as defined by NI 43-101, in conjunction with Quantitative Group Pty Ltd (QG) in Perth, Australia. A total of 593 drill holes were completed at Agata North for 10,851 metres, and 11,100 core samples were used in the resource estimate. The resource estimation method applied was Ordinary Kriging. Cut-off grades applied to the resource were 0.5% nickel within the Limonite zone and 0.8% nickel within the Saprolite zone.

The high iron DSO operation would be expected to generate early cash flow until the nickel processing plant is built and becomes operational, but shipments are expected to continue after this until the high iron material is exhausted. The high iron DSO operation has an existing Environmental Compliance Certificate (ECC); however, other permits such as a port permit and a Declaration of Mining Feasibility are also required.

The limestone occurring at the coast is a massive recrystallized limestone of very high purity levels with calcium carbonate (CaCO<sub>3</sub>) of greater than 95%. Five (5) holes were drilled into the limestone horizon but the number of holes drilled is not considered sufficient to classify a mineral resource. The limestone is estimated to be up to 50 metres thick. *The potential quantity and grade is conceptual in nature, because there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.* The initial plan is to develop a resource, and mine and ship limestone DSO utilizing the infrastructure developed initially for the high iron DSO operation. Currently no permits are in place for mining the limestone.

Since the quality of limestone quarried at Agata is expected to be high, the Project Execution/Technology Development team also plans to construct a lime production facility at the Agata project site. The lime produced would be used in the nickel processing plant, offsetting the costs of imported lime while also creating potential for some to be sold. The lime processing facility is a medium-term project currently expected to come online at the beginning of 2015 pending the receipt of all required permits, among other things. The development plans and initial pre-development activities for the two DSO operations are underway and include:

- 
- a. For the high iron DSO operation:
    - the preparation of compliance reports to regulators
    - land acquisition for the port facilities and roads
    - planning and design for port construction
    - road/infrastructure design and construction plans
    - initial pre-development activities, including initial road construction and camp development
    - confirming markets for products
    - mine development planning
    - community relations
  - b. For the Limestone DSO operation:
    - further drilling on the limestone deposits to delineate resource to NI 43-101 standards
    - preliminary concepts and mining plans for the limestone
    - confirming markets for limestone and lime products
    - metallurgical test works

The Company expects to receive a 43-101 compliant feasibility study for the high-iron laterite DSO project in the second quarter of 2013. A scoping study on the Limestone operation is initially planned and is to be followed by a feasibility study.

#### **Agata Nickel Processing Plant**

The Project Execution/ Technology Development team is proposing the use of innovative, low-cost atmospheric tank leaching (“ATL”) and downstream Ni recovery and purification technology rather than the traditional high cost HPAL processes used in the laterite nickel industry. ATL is a proven technology in commercial production in China. TVIRD's team of technical staff engaged to deal with the Mindoro joint venture projects have substantial expertise in this leaching and downstream nickel recovery and purification technology and their expertise will be used to fast track the processing plant. The plant would initially be designed to have a 20-year life, and would be built in modules with the ability to add capacity over time by adding further modules to increase throughput and nickel production.

The feed to the processing plant comprising limonite material and saprolite material would be mixed with sulphuric acid and undergo numerous steps to ultimately produce a nickel hydroxide product. This intermediate nickel product could either be sold as is or further processed to produce metallic nickel.

Site infrastructure is excellent with local sources of labour, fresh water and power (supplemented by back-up generators). The processing plant could be located within two kilometres of the port, thereby simplifying acid transport and other logistics, as well as keeping operating costs down. Deep water for ships up to 50,000 tonne capacity occurs within 250 metres of the coastline.

A number of activities relating to the Agata Ni Processing Plant are underway and include:

- internal project feasibility scoping including previous relevant Mindoro scoping work
- external laboratory testing at BGRIMM of a representative bulk ore sample taken from the Agata Ni deposit, including:
  - crushing and grinding tests
  - pre-leach thickener settling tests
  - primary and secondary leaching tests
  - leach residue preliminary settling and filtration tests
- establishment of laboratory and pilot testing facility (in the Philippines)
  - bench-scale laboratory equipment has been installed and testwork has commenced
  - pilot plant equipment has been identified and specified
- the process flowsheet has been identified and confirmed by laboratory tests

- process flow diagrams are near completion
- mass and energy balance have been developed in METSIM, using laboratory test data to calibrate the model
- environmental and leached ore storage facilities designs are well advanced
- preliminary infrastructure design is underway, including:
  - port/jetty design, including reagent storage facilities
  - water source identification
  - road design
  - process plant location and preliminary layout

An update to the NI 43-101 report, together with a scoping study, is initially planned, to be followed by delivery of a full feasibility study. The feasibility study is underway and expected to be completed by the end of 2013. Pending a positive feasibility study and a decision to proceed, plant construction is expected to commence in 2014 with the commissioning/commercial production of nickel hydroxide product in Q2 of 2015, dependent on obtaining permits in a timely manner, among other things.

#### **PAN DE AZUCAR PYRITE PROJECT (75% ECONOMIC INTEREST)**

As described in Mindoro's news release of February 8, 2012, the Pan de Azucar pyrite project located on the Island of Panay is a drill-defined exploration target, which comprises a pyrite-rich mineralized horizon of between 10 and 40 metres in thickness and dipping at a shallow 10 to 15 degrees. The mineralized horizon is exposed at the surface. Mindoro reported it has drilled 30 holes into the mineralized horizon, showing a potential quantity of 8 million to 12.7 million dry metric tonnes with a grade range of 35% to 40% sulphur (70% to 90% pyrite). *The potential quantity and grade has been determined by averaging the intercepts from the drill assays. The potential quantity and grade is conceptual in nature, because there has been insufficient exploration to define a mineral resource (including number of holes drilled) and it is uncertain if further exploration will result in the target being delineated as a mineral resource.*

Mindoro and its partner TVI expect that commercializing the project may involve both the DSO export of pyrite material to China for the production of sulphuric acid and/or the self-production of sulphuric acid at the Agata Nickel processing plant site. Currently there are no permits in place for the mining of the pyrite material.

Activities planned or underway for the Pan de Azucar Pyrite Project include:

- laboratory testing of the pyrite samples as a suitable feed for a sulphuric acid plant
- preliminary concepts and mining plans
- confirming markets for products
- metallurgical test works
- community relations

A total of 30 drill holes in three drilling programs (2001/2002; 2003; March to August 2011) have partially defined a body of nearly pure pyrite containing from 36% to 42% sulphur, 150 to 200 metres wide by 1 kilometre (km) long and typically between 10 to 40 metres thick. The mineralization is open to the north and east and geophysical conductivity measurements indicate potential extensions for a further 200-300 metres, to the Mineral Production Sharing Agreement ('MPSA') property boundary.

The reader is cautioned that the Valderama massive sulphide mineralization, located on the Pan de Azucar MPSA, is currently an Exploration Target only. Detailed drilling will be required to convert the Exploration Target into NI 43-101-compliant resources. There is no guarantee that these resources, if delineated, will be economic or sufficient to support a commercial mining operation. Until a feasibility study has been completed there is no certainty that the company's projections will be economically viable.

## INVESTMENT

In 2012, Mindoro acquired a 55.8% interest in Red Mountain through the sale of the Batangas and Tapanan San Francisco gold projects. In the current quarter, Red Mountain issued 8,512,000 shares for gross proceeds of \$1.1 million reducing Mindoro's interest in Red Mountain to 53.3%. Mindoro has classified its interest in Red Mountain as a held for distribution asset because under the terms of the share sale agreement, the Company will distribute at least a majority of the Red Mountain shares to its shareholders following a twelve month ASX imposed escrow period. Management expect to complete the distribution before the end of 2013.

Red Mountain has a June 30 financial year-end and issues financial statements on a half yearly basis as required by the ASX listing rules. The following table provides select financial information of Red Mountain from its two most recent half-yearly and annual financial statements.

	For the six months ended December 31,		For the years ended June 30,	
	2012	2011	2012	2011
Revenue (AUD \$000)	77	138	174	10
Loss for the period (AUD \$000)	(1,851)	(3,764)	(5,178)	(1,618)
Total assets (AUD \$000)	18,674	5,909	4,556	577
Total liabilities (AUD \$000)	1,799	266	280	529

## TRANSACTIONS BETWEEN RELATED PARTIES

These consolidated interim financial statements include the interim financial statements of the Mindoro and the following significant subsidiaries and affiliates:

	Country of Incorporation	Status	% Equity Interest	
			March 31, 2013	December 31, 2012
MRL Nickel Philippines Inc	Philippines	Active	100%	100%
El Paso Corp	Philippines	Inactive	100%	100%
Talahib Corp	Philippines	Inactive	100%	100%
Batangas Metals and Mining Corp	Philippines	Inactive	100%	100%
Red Mountain Mining Ltd	Australia	Held for distribution	53%	56%

TVI Pacific has a 14.4% interest in Mindoro. In the first quarter of 2013, the Company recorded recoveries from the joint venture with TVI of \$122,000.

The following remuneration has been paid to directors and officers of the Company:

	March 31, 2013 \$000	March 31, 2012 \$000
Salaries and directors fees	67	164
Stock based compensation	(4)	(12)
Key management compensation	63	152

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## **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 affect the future recoverability include the level of reserves and resources, future technological changes, which could affect 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**

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2013 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

#### (i) IFRS 9 Financial Instruments,

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 1, 2015 but is available for early adoption. When adopted, the standard is not expected to have a material impact on the group's accounting for its financial assets and liabilities.

The group has not yet decided when to adopt IFRS 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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## OUTSTANDING SHARE DATA

<b>Issued - Common shares</b>	<b>Common Shares</b>	<b>Stock Options</b>	<b>Purchase Warrants</b>
December 31, 2012	296,837,399	12,595,000	61,826,578
Issued pursuant to private placements	-	-	-
Stock options issued	-	-	-
Forfeited/expired	-	-	-
<b>March 31, 2013</b>	<b>296,837,399</b>	<b>12,595,000</b>	<b>61,826,578</b>

No share transactions have occurred in first quarter of 2013.

## 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 has secured a strategic partner, TVI Pacific, to advance the Agata Nickel project. While the Company considers the partnership to add value to existing shareholders, there are risks associated with a cornerstone strategic partner, including the potential for future dilution of interest in the projects 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.

In its investments in Red Mountain, the Company is exposed to risk that it may not realize the expected returns from this investment. Market value of the shares may decline that could affect the valuation of the investments; and further losses may be incurred by Red Mountain that would require write-down in the value of the investment.

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Continued strong market conditions for resource commodities over the past year has seen an increased global demand for mining professionals, equipment and related goods and services needed by the mining community.

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

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

### **DISCLOSURE CONTROLS AND PROCEDURES**

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

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls and procedures as at March 31, 2013. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at March 31, 2013 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities.

### **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Chief Executive Office and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting as of March 31, 2013. 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.

Given the small finance and management team there are limits to the Company's ability to have a robust and segregated control environment. The Chief Executive Officer and Chief Financial Officer conclude the control environment to be operating effectively given the size and complexity of the Company.



MINDORO  
RESOURCES LTD

Condensed Consolidated Interim Financial Statements  
(Unaudited)

For the three months ended March 31, 2013

(Expressed in Canadian Dollars)

Canada  
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Calgary Alberta T2P 3T7

Australia  
Unit 4, 12 Pendlebury Road  
Cardiff NSW 2285  
ARBN: 143 485 698

[mindoro@mindoro.com](mailto:mindoro@mindoro.com)  
[www.mindoro.com](http://www.mindoro.com)

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

## Notice of Disclosure of Non-auditor Review of Interim Financial Statements

For the three months ended March 31, 2013



MINDORO  
RESOURCES LTD

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Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Mindoro Resources Ltd. for the interim period ending March 31, 2013 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors, Pricewaterhouse Coopers, have not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Dated May 14, 2013

# Condensed Consolidated Interim Statements of Financial Position

Unaudited

(Expressed in Canadian Dollars)



**MINDORO**  
RESOURCES LTD

	<i>Note</i>	<b>March 31, 2013 \$000</b>	December 31, 2012 \$000
<b>Assets</b>			
Current assets			
Cash and cash equivalents	5	401	619
Accounts receivable		154	257
Prepaid expenses and other current assets		27	52
Investment held for distribution	6	17,876	17,537
		<b>18,458</b>	18,465
Non-current assets			
Exploration and evaluation assets	7	20,104	19,767
Property and equipment	8	199	237
		<b>38,761</b>	38,469
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		620	728
Share based liability	13	3	7
		<b>623</b>	735
Non-current liabilities			
Defined benefit retirement obligation		97	95
		<b>720</b>	830
<b>Shareholders equity</b>			
Share capital	10	53,704	53,704
Reserves		13,161	12,473
Non-controlling interests		8,159	7,765
Accumulated losses		(36,983)	(36,303)
		<b>38,041</b>	37,639
		<b>38,761</b>	38,469

Going concern (Note 1)

These consolidated financial statements were approved for issue by the Audit Committee on behalf of the Board of Directors on May 14, 2013 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)



**MINDORO**  
RESOURCES LTD

		Three Months Ended	
		March 31,	
	Note	2013	2012
		\$000	\$000
Operating expenses			
General and administration expenses		(188)	(377)
Employee benefits expense		(70)	(254)
Stock based compensation	12,13	4	12
Depreciation and amortization	8	(13)	(35)
Operating expenses		(267)	(654)
Finance income		1	13
Foreign exchange gain (loss)		239	(60)
Impairment of investment held for distribution	6	(645)	-
Loss on disposal of property and equipment	8	(8)	-
Loss for the period		(680)	(701)
Exchange differences on translation of foreign operations	3(C)	546	115
Total comprehensive loss for the period		(134)	(586)
Basic and diluted net loss per share		\$ (0.002)	\$ (0.003)
Weighted average number of common shares outstanding (thousands)		296,837	247,903

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



## Condensed Consolidated Interim Statements of Changes in Equity

Unaudited

(Expressed in Canadian Dollars)

	Note	Attributable to shareholders of the Company									
		Number of shares outstanding	Share capital \$000	Share obligation \$000	Employee benefit reserve \$000	Warrants reserve \$000	Transactions with non-controlling interests \$000	Currency reserve \$000	Accumulated losses \$000	Non-controlling interests \$000	Total equity \$000
<b>January 1, 2013</b>		<b>296,837,399</b>	<b>53,704</b>	<b>-</b>	<b>5,162</b>	<b>6,946</b>	<b>-</b>	<b>365</b>	<b>(36,303)</b>	<b>7,765</b>	<b>37,639</b>
Proceeds from subsidiary share issuance	6	-	-	-	-	-	142	-	-	959	1,101
<b>Transactions with owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>-</b>	<b>-</b>	<b>959</b>	<b>1,101</b>
Loss for the period	6	-	-	-	-	-	-	-	(680)	(565)	(1,245)
Translation adjustments	3(C)	-	-	-	-	-	-	546	-	-	546
<b>Comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>546</b>	<b>(680)</b>	<b>(565)</b>	<b>(699)</b>
<b>March 31, 2013</b>		<b>296,837,399</b>	<b>53,704</b>	<b>-</b>	<b>5,162</b>	<b>6,946</b>	<b>142</b>	<b>911</b>	<b>(36,983)</b>	<b>8,159</b>	<b>38,041</b>
<b>January 1, 2012</b>		<b>239,073,360</b>	<b>50,925</b>	<b>135</b>	<b>5,156</b>	<b>5,961</b>	<b>-</b>	<b>154</b>	<b>(26,591)</b>	<b>-</b>	<b>35,740</b>
Proceeds from private placement	10	14,984,686	1,779	(135)	-	-	-	-	-	-	1,644
<b>Transactions with owners</b>		<b>14,984,686</b>	<b>1,779</b>	<b>(135)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,644</b>
Loss for the period		-	-	-	-	-	-	-	(701)	-	(701)
Translation adjustments		-	-	-	-	-	-	115	-	-	115
<b>Comprehensive income (loss)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115</b>	<b>(701)</b>	<b>-</b>	<b>(586)</b>
<b>March 31, 2012</b>		<b>254,058,046</b>	<b>52,704</b>	<b>-</b>	<b>5,156</b>	<b>5,961</b>	<b>-</b>	<b>269</b>	<b>(27,292)</b>	<b>-</b>	<b>36,798</b>

## Condensed Consolidated Interim Statements of Cash Flows

Unaudited

(Expressed in Canadian Dollars)



**MINDORO**  
RESOURCES LTD

		<b>Three Months Ended</b>	
		<b>March 31,</b>	
	<i>Note</i>	<b>2013</b>	2012
		<b>\$000</b>	\$000
<b>Cash provided by (used in)</b>			
<b>Operating activities</b>			
Loss for the period		(680)	(701)
Items not affecting cash			
Stock based compensation	12,13	(4)	(12)
Depreciation and amortization	8	13	35
Unrealized exchange differences		(243)	59
Loss on disposal of property and equipment		8	-
Impairment of investment held for distribution	6	645	-
Net change in non-cash working capital items		16	(395)
		<b>(245)</b>	<b>(1,014)</b>
<b>Investing activities</b>			
Expenditure on exploration and evaluation assets	7	(106)	(677)
Cost recoveries from Joint Venture Partner	7	123	-
Proceeds from disposal of equipment	8	6	-
		<b>23</b>	<b>(677)</b>
<b>Financing activities</b>			
Issue of share capital, net of issuance costs	10	-	1,779
Deposits held for private placement	10	-	(135)
		-	1,644
<b>Increase (decrease) in cash and cash equivalents</b>		<b>(222)</b>	<b>(47)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>4</b>	<b>1</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>619</b>	<b>2,089</b>
<b>Cash and cash equivalents at end of period</b>		<b>401</b>	<b>2,043</b>

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

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2013

Unaudited

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO  
RESOURCES LTD

### 1. GOING CONCERN

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

Mindoro Resources Ltd. (the “Company” or “Mindoro”) has incurred a net loss of \$680,000 (March 31, 2012 - \$701,000) and operating cash outflows of \$245,000 (March 31, 2012 - \$1,014,000). At March 31, 2013 the Company has net current liabilities before investments held for distribution of \$41,000 (December 31, 2011 - \$1,315,000). Mining and exploration licences held by the Company have annual expenditure obligations to maintain their ‘good standing’ status. These expenditure obligations have been assumed by TVI Pacific Inc. (“TVI”) as described below.

The ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing exploration activities. The Company and TVI entered into joint venture agreements where TVI has the right to earn a 60% interest in Agata and regional nickel projects by sole funding a direct shipping ore (“DSO”) project to production and completing a Definitive Feasibility Study (“DFS”) on a Nickel processing project, and up to 60% in the Pan De Azucar massive sulfide project by meeting certain expenditure and earn-in objectives (note 7). These joint ventures require TVI to finance Mindoro’s mineral property annual expenditure obligations and maintain the tenements in good standing.

The Company is in discussions to acquire debt financing and is confident that sufficient funds will be available for the Company to meet its obligations for the next twelve months. However, even with this debt facility expected to be in place in the next quarter, until the Company begins seeing positive cash flow from the TVI Joint Ventures there is material uncertainty related to events or conditions that may cast significant doubt 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 financial statements.

The Board of Directors consider the Company to be a going concern, but recognize that it is dependent on the raising of additional funds, the support of partners, 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.

### 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 corporate office is at 2000, 736 6Ave SW, Calgary, Alberta, Canada, T2P 3T7. The Company maintains its registered offices at 2200, 10235 – 101 Street NW, Edmonton, Alberta, Canada, T5J 3G1 and Unit 4, 12 Pendlebury Road, Cardiff, NSW 2285, Australia.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2013

Unaudited

(Expressed in Canadian Dollars unless otherwise noted)



MINDORO  
RESOURCES LTD

### 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

These 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.

These interim financial statements have not been reviewed by the Company’s auditor.

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, 2013, could result in restatement of these interim financial statements.

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

The preparation of 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(S).

#### (B) BASIS OF CONSOLIDATION

These interim financial statements include the accounts of Mindoro Resources Ltd., and its wholly owned subsidiaries, MRL Nickel Philippines, Inc. (“MRL Nickel”), and three inactive Philippine subsidiaries. These interim financial statements also include Red Mountain Mining Ltd (“Red Mountain”), which is a controlled entity that was acquired for the purposes of distribution to the Company’s shareholders. The accounting policies are applied uniformly for each entity for like transactions and similar circumstances. All inter-company balances and transactions are eliminated on consolidation.

Non-controlling interests in the results and equity of subsidiaries are shown separately (if applicable) in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively. Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are recorded as a separate component of equity.

#### (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 Nickel and the inactive Philippine subsidiaries is the Philippine Peso (“PHP” or “Pp”).

#### Functional and presentation currency

The 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.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2013

Unaudited

(Expressed in Canadian Dollars unless otherwise noted)



**MINDORO**  
RESOURCES LTD

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 March 31, 2013, the Company had \$45,000 cash equivalents (December 31, 2012 - \$45,000).

### **(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 that 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.

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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.

### 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.

### (H) IMPAIRMENT OF ASSETS

Investments held for distribution, 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 that indicates 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 comprehensive loss 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. Impairment reversals are recognized in the statement of comprehensive loss for the period in which the reversal arises.

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### **(I) NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE OR DISTRIBUTION**

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. Non-current assets are classified as held for distribution to owners when the Company is committed to distribute the asset (or disposal group) to the owners and the distribution is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell or distribute, except for assets such as deferred tax assets that are specifically exempt from this requirement.

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

Non-current assets classified as held for sale or distribution and the assets of a disposal group classified as held for sale or distribution 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 initially recognized 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

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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 the 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

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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 CEO.

The CEO reviews segment information in line with the information outlined in Note 7 Exploration and Evaluation Assets. As a result, the disclosures within Note 7 meet the disclosure requirements of Segment Reporting.

### **(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**

MRL Nickel 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 unit credit 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

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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 that 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.

## (T) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

### Adoption of new and amended Accounting Standards

The Company has adopted the new and amended IFRS pronouncements listed below as at January 1, 2013, in accordance with the transitional provisions outlined in the respective standards.

#### (i) IFRS 10 Consolidated Financial Statements

The Company has adopted IFRS 10, Consolidated Financial Statements (“IFRS 10”) on January 1, 2013 with retrospective application. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity’s financial statements. IFRS 10 sets out three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investors’ return; and the requirements on how to apply the control principle. IFRS 10 supersedes International Accounting Standards (“IAS”) 27, Consolidated and Separate Financial Statements and Standing Interpretations Committee (“SIC”) 12, Consolidation – Special Purpose Entities.

Implementation of IFRS 10 did not have an effect on the Company’s consolidated financial statements for the current period or prior periods presented as the adoption did not result in a change in the consolidation status of any of the Company’s subsidiaries.

#### (ii) IFRS 11 Joint Arrangements

The Company adopted IFRS 11, Joint Arrangements (“IFRS 11”) on January 1, 2013, with retrospective application from the date of our earliest period presented of January 1, 2012. If an arrangement results in joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities of the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties only have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method.

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The adoption of IFRS 11 did not have an effect on the Company's consolidated financial statements for the current period as no joint arrangements exist.

### (iii) IFRS 12 Disclosure of interests in Other Entities

The Company adopted IFRS 12, Disclosures of Interests in Other Entities ("IFRS 12") on January 1, 2013. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows.

The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for any period presented that proceeds the first annual period for which IFRS 12 is applied.

The adoption of IFRS 12 did not have an effect on the Company's consolidated financial statements for the current period as the Company does not have any interest in other entities that are not consolidated.

### (iv) IFRS 13 Fair Value Measurement

The Company adopted IFRS 13, Fair Value Measurement ("IFRS 13") with prospective application from January 1, 2013. IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements for fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value.

The adoption of IFRS 13 did not have an effect on the Company's consolidated financial statements for the current period. The disclosure requirements of IFRS 13 will be incorporated in the Company's annual consolidated financial statements for the year ended December 31, 2013.

This will include disclosures about fair values of financial assets and liabilities measured on a recurring basis and non-financial assets and liabilities measured on a non-recurring basis.

### (v) IAS 34, Interim Financial Reporting

IAS 34, Interim Financial Reporting ("IAS 34") was amended to establish criteria for disclosing total segmented assets and require certain fair value disclosures. The Company has adopted the amendments to IAS 34 effective January 1, 2013 and has incorporated the required fair value disclosures in our condensed interim consolidated financial statements for the period ending March 31, 2013. The disclosures included are based on the requirements of IFRS 13.

#### *Fair value measurements*

The Company must disclose financial instruments carried at fair value, based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is as follows:

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

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- Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

The carrying values of cash and cash equivalents, short-term investments, accounts and advances receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these instruments.

### Future Accounting Policies

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2013 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

#### (i) IFRS 9 Financial Instruments,

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 1, 2015 but is available for early adoption. When adopted, the standard is not expected to have a material impact on the group's accounting for its financial assets and liabilities.

The group has not yet decided when to adopt IFRS 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### (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 does not have any externally imposed capital requirements and does not currently pay dividends.

There has been no change with respect to the overall capital risk management strategy during the three months ended March 31, 2013 or 2012.

### *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 a negative direction.

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The Company was exposed to foreign exchange risk through the monetary assets and liabilities in the table below at March 31, 2013 and December 31, 2012. 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.

	March 31, 2013		December 31, 2012	
	PHP 000	AUD 000	PHP 000	AUD 000
Cash	5,197	75	8,205	82
Accounts receivable	5,567	15	8,201	52
Accounts payable	(20,381)	(69)	(23,360)	(122)
<b>Net foreign currency exposure</b>	<b>(9,617)</b>	<b>21</b>	<b>(6,954)</b>	<b>12</b>
Exchange rate	0.02467	1.05890	0.02426	1.03390
<b>Foreign currency exposure (\$000)</b>	<b>(237)</b>	<b>22</b>	<b>(169)</b>	<b>12</b>

Based on net exposures at March 31, 2013, 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 \$24,000 (December 31, 2012 - \$17,000). A 10% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's comprehensive loss by \$2,000 (December 31, 2012 - \$1,000).

### *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 due from the Canadian and Australian governments for the reimbursement of sales taxes. The resulting credit risk exposure is deemed 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 \$401,000 in cash and cash equivalents at March 31, 2013 (December 31, 2012 - \$619,000), 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.

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	March 31, 2013		December 31, 2012	
	\$000	Weighted average effective interest rate	\$000	Weighted average effective interest rate
Financial assets				
Cash and cash equivalents	401	0.80%	619	2.36%
Accounts receivables	154	0.00%	257	0.00%
	555		876	
Financial Liabilities				
Accounts payable and accrued liabilities	(620)	0.00%	(728)	0.00%
	(620)		(728)	
Net Exposure	(65)		148	

At March 31, 2013 if interest rates had increased/decreased by 100 basis points from the quarter end rates with all other variables held constant, loss for the quarter would have been \$1,000 (2012: \$13,000) higher/lower, as a result of higher/lower interest income from cash and cash equivalents.

### 5. RESTRICTED CASH

Cash and cash equivalents at March 31, 2013 includes \$45,000 (December 31, 2012 - \$45,000) in a term deposit which is restricted as it has been used as security for a bank guarantee and corporate credit card facility. Subsequent to March 31, 2013, the term deposit has been converted to unrestricted cash.

### 6. INVESTMENT HELD FOR DISTRIBUTION

On October 30, 2012, the Company acquired 100 million shares of Red Mountain representing a 55.8% interest in Red Mountain through the sale of its Batangas and Tapani San Francisco Gold Projects. Under the sale agreement, Mindoro will distribute to its shareholders at least a majority of the Red Mountain shares following a twelve-month escrow period that has been imposed by the Australian Securities Exchange (ASX) as a condition of their approval for the transaction. Mindoro expects to complete the distribution before the end of 2013; therefore, the interest in Red Mountain has been classified as held for distribution at acquisition.

Mindoro has agreed under the sale agreement to pay up to \$30,000 for costs associated with Red Mountain's requirements to file a prospectus because of this transaction. Additionally, Mindoro expects to incur other distribution costs estimated at \$20,000 to complete the distribution. These distribution costs have been recorded to the impairment of exploration and evaluation assets because the Red Mountain shares were held for distribution at acquisition.

The non-controlling interests in Red Mountain represent the 47% of Red Mountain shares that are not owned by the Company. There is no amount included in the loss for the period or total comprehensive loss for the period attributable to the non-controlling interests.

In the first quarter of 2013, Red Mountain issued 8,512,000 fully paid ordinary shares for \$0.129 (A\$0.125) per share. This issuance reduced the Company's ownership interest in Red Mountain to 53%. Because of this share issuance, the Company has recognized the following adjustments to its balance sheet:

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	Investment held for distribution \$000	Non-controlling interest \$000	Transactions with non-controlling interest reserve \$000
<b>December 31, 2012</b>	<b>17,537</b>	<b>7,765</b>	<b>-</b>
Proceeds of Red Mountain share issuance	1,101	959	142
Translation adjustment	448	-	-
<b>March 31, 2013</b>	<b>19,086</b>	<b>8,724</b>	<b>142</b>

At March 31, 2013, Red Mountain's shares were trading at \$0.095 (A\$0.09) per share on the ASX. Therefore, the Company has recognized an impairment of \$645,000 in the first quarter of 2013. The non-controlling interest has also been reduced by \$565,000 as a result of this impairment.

### 7. EXPLORATION AND EVALUATION ASSETS

	Surigao		Batangas				Pan de Azucar	Royalty Deposits	Total
	Agata \$	Tapian & Regional \$	El Paso \$	Lobo \$	Talahib \$	Archangel \$			
<b>December 31, 2011</b>	<b>14,563</b>	<b>4,610</b>	<b>1,047</b>	<b>4,827</b>	<b>94</b>	<b>7,341</b>	<b>1,451</b>	<b>230</b>	<b>34,163</b>
Exploration*	955	237	190	93	(9)	569	144	-	2,179
Joint venture recoveries	(260)	-	-	-	-	-	(152)	-	(412)
Royalty deposits	-	-	-	-	-	-	-	7	7
Disposals	-	(1,585)	(788)	(2,866)	(50)	(4,763)	-	(93)	
Impairment	-	(1,234)	(505)	(2,267)	(39)	(3,494)	-	(65)	(7,604)
Currency translation	676	211	56	213	4	347	61	11	1,579
<b>December 31, 2012</b>	<b>15,934</b>	<b>2,239</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,504</b>	<b>90</b>	<b>19,767</b>
Exploration*	112	3	-	-	-	-	7	-	122
Joint venture recoveries	(112)	-	-	-	-	-	(11)	-	(123)
Royalty deposits	-	-	-	-	-	-	-	-	-
Currency translation	271	38	-	-	-	-	27	2	338
<b>March 31, 2013</b>	<b>16,205</b>	<b>2,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,527</b>	<b>92</b>	<b>20,104</b>

\* Includes depreciation and other non-cash items recognised in the first quarter of 2013 totalling \$16,000 (2012 - \$74,000)

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Unaudited

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The following table summarizes Mindoro's earned mineral property interests and future commitments at March 31, 2013:

<i>Region</i>	<i>Project(s)</i>	<i>Interest Earned</i>	<i>Terms for Further Earn-In And Potential Future Commitments</i>
Surigao	Agata and Surigao Regional (except Mat-I project)	75%	(i) Option to earn additional 10%: pay 0.5% of mining reserve gross value with a minimum US\$5 million payment per mining reserve.*  (ii) Option to earn additional 15% interest by issuing Common Shares (issued in 2006), making annual cash payments (US\$ 125,000 in 2011) until production, making a cash payment of 0.75% of mining reserve gross value, with a minimum payment of US\$ 7.5 million upon completion of a bankable feasibility study on mining reserve, and a 1% net smelter royalty.*
Surigao	Mat-I	10%	(i) The Company can earn an additional 30% interest upon completion of expenditure requirement (15 million Pesos) within two years from the execution of the Mineral Production Sharing Agreement ("MPSA"); the MPSA has not yet been approved as of this date.  (ii) The Company may earn an additional 35% upon completion of the expenditure requirement (15 million Pesos) within one year.  (iii) Mat I is included in option agreements for the Surigao properties and the Company can earn up to 100%.
Panay	Pan de Azucar	75%	The Company has no outstanding commitments on Pan de Azucar.

\* Mindoro is currently renegotiating 10% and 15% options on the Nickel Laterite deposits in Agata and the Surigao region to acquire the remaining 25% interest from its local partner.

The Company has made advance royalty payments to tenement holders in accordance with the terms of the executed royalty agreements; these payments are included in the exploration and evaluation assets. In the first quarter of 2013, royalty payments amounted to \$Nil (2012 - \$7,000).

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.

### TVI JOINT VENTURES

On September 25, 2012, the Company and TVI signed the Agata Mining Joint Venture and Agata Processing Joint Venture agreements and the Pan de Azucar Mining Joint Venture and Pan de Azucar Processing Joint Venture agreements. Details of the joint ventures are as follows:

Agata Mining Joint Venture ("AMJV"): TVI has the exclusive right and option to earn 60% of the AMJV by sole funding a mining project into commercial production within three years on the Agata MPSA or Surigao Regional tenements (excluding the TSF tenements which were subject to the Red Mountain transaction). TVI must maintain the tenements in good standing, spend a minimum of \$500,000 within the first year, and spend at least \$2 million on the project to exercise the option. TVI will retain no interest in the AMJV if it withdraws prior to commencing a Mining operation.

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Agata Processing Joint Venture (APJV): TVI has exclusive right and option to earn up to 60% of the APJV and a 60% interest in the tenements by incurring a minimum expenditure of \$2 million by the first anniversary of the agreement and sole funding a definitive feasibility study (“DFS”), including pilot-scale metallurgical testing, third-party engineering studies and documentation, within four years. TVI will retain no interest in the APJV if it withdraws prior to completing the DFS.

Pan de Azucar Mining Joint Venture (“PDAMJV”): TVI has the exclusive right and option to earn 60% of the mining project by sole funding a mining project into commercial production with three years on the Pan de Azucar MPSA. TVI must maintain the tenements in good standing, spend a minimum of \$500,000 within the first year, and spend at least \$2 million on the project to exercise the option. TVI will retain no interest in the PDAMJV if it withdraws prior to commencing a Mining operation.

Mindoro and TVI are currently negotiating a one year extension of the initial earn in period.

Pan de Azucar Processing Joint Venture (“PDAPJV”): TVI has the exclusive right and option to earn 51% of the PDAPJV and a 51% interest in the tenements by spending at least \$2 million within 2 years of receiving a declaration of mining feasibility from the Philippines Mines and Geosciences Bureau (“MGB”). In addition, TVI will have the exclusive right and option to earn an additional 9% interest by spending another \$3 million within 4 years, of receiving a declaration of mining feasibility from the MGB, increasing its total interest to 60%.

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### 8. PROPERTY AND EQUIPMENT

	Office equipment & furnishings \$000	Computer software & hardware \$000	Vehicles \$000	Field equipment \$000	Building & Leasehold improvements \$000	Total \$000
<i>Cost</i>						
<b>December 31, 2011</b>	109	245	197	116	351	1,018
Additions	-	9	-	-	2	11
Disposals	(2)	(6)	(7)	-	-	(15)
Translation adjustment	5	12	9	4	16	46
<b>December 31, 2012</b>	112	260	199	120	369	1,060
Disposals	(23)	(18)	-	-	(10)	(51)
Translation adjustment	3	4	3	2	6	18
<b>March 31, 2013</b>	<b>92</b>	<b>246</b>	<b>202</b>	<b>122</b>	<b>365</b>	<b>1,027</b>
<i>Accumulated depreciation</i>						
<b>December 31, 2011</b>	78	213	120	72	118	601
Depreciation	14	19	44	21	112	210
Disposals	(1)	(2)	(2)	-	-	(5)
Translation adjustment	3	5	3	1	5	17
<b>December 31, 2012</b>	94	235	165	94	235	823
Depreciation	3	5	10	6	5	29
Disposals	(13)	(15)	-	-	(9)	(37)
Translation adjustment	3	3	2	1	4	13
<b>March 31, 2013</b>	<b>87</b>	<b>228</b>	<b>177</b>	<b>101</b>	<b>235</b>	<b>828</b>
<i>Net book value at:</i>						
<b>December 31, 2012</b>	<b>18</b>	<b>25</b>	<b>34</b>	<b>26</b>	<b>134</b>	<b>237</b>
<b>March 31, 2013</b>	<b>5</b>	<b>18</b>	<b>25</b>	<b>21</b>	<b>130</b>	<b>199</b>

In the first quarter of 2013, depreciation of \$16,000 was charged to exploration and evaluation assets (2012 - \$18,000).

### 9. CONTINGENT LIABILITY

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

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### 10. SHARE CAPITAL

The authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value and all issued shares are fully paid. As at March 31, 2013, the Company had 296,837,399 common shares issued and outstanding.

- a) In October 2012, pursuant to a private placement, the Company issued 24,000,000 common shares to TVI at a price of \$0.05 for gross proceeds of \$1,200,000.
- b) In September 2012, pursuant to a private placement, the Company issued 18,779,353 common shares to TVI at a price of \$0.05 for gross proceeds of \$938,968.
- c) 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.
- d) 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.
- e) A total of 7,500 Agents Warrants expired during 2012 with an exercise price of \$0.31 per warrant;
- f) A total of 2,502,000 Stock Options with a weighted average exercise price of \$0.639 per option expired in 2012.

### 11. WARRANTS

The following table summarizes information about Common Share purchase warrants outstanding and exercisable as at March 31, 2013:

Expiry date	Exercise price	December 31, 2012	Granted	Exercised	Expired/ cancelled	March 31, 2013
	\$					
Jul 09, 2015	0.310	<b>5,881,632</b>	-	-	-	<b>5,881,632</b>
Jul 22, 2015	0.310	<b>13,165,593</b>	-	-	-	<b>13,165,593</b>
Sep 28, 2017	0.100	<b>18,779,353</b>	-	-	-	<b>18,779,353</b>
Oct 10, 2017	0.100	<b>24,000,000</b>	-	-	-	<b>24,000,000</b>
		<b>61,826,578</b>	-	-	-	<b>61,826,578</b>
Weighted average exercise price (\$)		<b>0.165</b>	-	-	-	<b>0.165</b>

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. There were no warrants issued in the first three months of 2013. The fair value of warrants issued in 2012 was \$985,000. The fair value of warrants is estimated at the grant date using the Black-Scholes option-pricing model based on the following ranges of assumptions:

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	2012
Risk Free Interest Rate	1.28%
Expected Life	5.00 years
Expected Volatility	122%
Expected Dividend	-
Expected Forfeitures	-

### 12. EQUITY SETTLED OPTIONS

Expiry date	Exercise price \$	December 31, 2012	Vested	Granted	Exercised	Expired/ cancelled	March 31, 2013
Jul 03, 2013	0.290	<b>1,930,000</b>	-	-	-	-	<b>1,930,000</b>
Jul 28, 2013	0.208	<b>3,800,000</b>	-	-	-	-	<b>3,800,000</b>
Sep 22, 2013	0.310	<b>700,000</b>	-	-	-	-	<b>700,000</b>
Oct 04, 2013	0.300	<b>500,000</b>	-	-	-	-	<b>500,000</b>
Oct 30, 2013	0.130	<b>50,000</b>	-	-	-	-	<b>50,000</b>
Dec 26, 2013	0.290	<b>100,000</b>	-	-	-	-	<b>100,000</b>
Jan 13, 2014	0.180	<b>100,000</b>	-	-	-	-	<b>100,000</b>
Feb 11, 2014	0.360	<b>550,000</b>	-	-	-	-	<b>550,000</b>
Apr 20, 2014	0.260	<b>300,000</b>	-	-	-	-	<b>300,000</b>
Aug 04, 2014	0.130	<b>2,165,000</b>	-	-	-	-	<b>2,165,000</b>
Aug 18, 2014	0.250	<b>500,000</b>	-	-	-	-	<b>500,000</b>
Jan 12, 2015	0.125	<b>200,000</b>	-	-	-	-	<b>200,000</b>
Mar 15, 2015	0.190	<b>1,450,000</b>	-	-	-	-	<b>1,450,000</b>
Jul 04, 2015	0.100	<b>250,000</b>	-	-	-	-	<b>250,000</b>
Options outstanding and exercisable		<b>12,595,000</b>	-	-	-	-	<b>12,595,000</b>
Weighted average exercise price (\$)		<b>0.221</b>	-	-	-	-	<b>0.221</b>

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.

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.

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No equity settled options were issued in the first quarter of 2013. In 2012, the Company issued 250,000 options that had a fair value of \$0.02 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:

	2012
Risk Free Interest Rate	1.00%
Expected Life	3.00 years
Expected Volatility	110%
Expected Dividend	-
Expected Forfeitures	-

### 13. CASH SETTLED OPTIONS

Expiry date	Exercise price	December 31, 2012	Vested	Granted	Exercised	Expired/ cancelled	March 31, 2013
	\$						
August 18, 2014	0.250	<b>1,200,000</b>	-	-	-	-	<b>1,200,000</b>
Options outstanding		<b>1,200,000</b>	-	-	-	-	<b>1,200,000</b>
Weighted average exercise price (\$)		<b>0.250</b>	-	-	-	-	<b>0.250</b>

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

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

No cash settled options were issued in the first three months of 2013 or 2012.

The fair value of outstanding cash settled options outstanding on the balance sheet date was \$0.002 per option (2012 – \$0.005). The fair value was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	March 31, 2013	December 31, 2012
Risk Free Interest Rate	1.02%	1.10%
Expected Life	1.38 years	1.63 years
Expected Volatility	121%	113%
Expected Dividend	-	-
Expected Forfeitures	-	-

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### 14. RELATED PARTY TRANSACTIONS

These consolidated interim financial statements include the interim financial statements of Mindoro and the following significant subsidiaries and affiliates:

	Country of Incorporation	Status	% Equity Interest	
			March 31, 2013	December 31, 2012
MRL Nickel Philippines Inc	Philippines	Active	<b>100%</b>	100%
El Paso Corp	Philippines	Inactive	<b>100%</b>	100%
Talahib Corp	Philippines	Inactive	<b>100%</b>	100%
Batangas Metals and Mining Corp	Philippines	Inactive	<b>100%</b>	100%
Red Mountain Mining Ltd	Australia	Held for distribution	<b>53%</b>	56%

TVI Pacific has a 14.4% interest in Mindoro. In the first quarter of 2013, the Company recorded recoveries from the joint venture with TVI of \$122,000.

The following remuneration has been paid to directors and officers of the Company:

	March 31, 2013 \$000	March 31, 2012 \$000
Salaries and directors fees	67	164
Stock based compensation	(4)	(12)
Key management compensation	<b>63</b>	152