MINDORO
RESOURCES LTD

Consolidated Financial Statements
&
Management's Discussion and Analysis

For the year ended December 31, 2013

(Expressed in Canadian Dollars)

Canada
2200, 10235 101 Street NW
Edmonton AB T5J 3G1

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

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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

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RESOURCES LTD

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For the three months and year ended December 31, 2013

As reported on March 31, 2014

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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 and a Director 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 TVIRD-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.

1. Company Profile and Strategy

During the year ended December 31, 2013 (the "year"), Mindoro Resources Ltd. ("Mindoro" or the "Company") focused on monitoring its TVI Resource Development Phils., Inc. ("TVIRD") 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, negotiating the return of Tapian San Francisco project tenements which had not been successfully assigned to Red Mountain, and securing financing to fund its general administrative and corporate expenses for 2013. The Company also worked on negotiating a variation to the sale agreement with Red Mountain that would remove the requirement for Mindoro to distribute the Red Mountain shares and addressing legal issues surrounding the sale and assignment of certain tenements purchased by Red Mountain.

This Management's Discussion and Analysis ("MD&A") presents the operating results and financial status of the Company for the three months and year ended December 31, 2013, and should be read in conjunction with the Company's consolidated financial statements ("financial statements") for the year ended December 31, 2013. 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, and on the Company's website at www.mindoro.com.

2. Overview for the Three Months and Year Ended December 31, 2013

Agata Mining Joint Venture ("AMJV")

On December 11, 2013, TVI Pacific Inc. ("TVI"), announced it had completed an initial closing with Prime Resources Holdings, Inc. (PRHI) involving a private placement of TVI shares, investment of PRHI into TVI International Marketing, and TVI Minerals Processing, and investments in TVIRD. This transaction has resulted in PRHI acquiring a 68.42% interest in TVIRD, which is earning up to 60% interests in the Mindoro joint ventures (Agata, PDA). TVIRD remains the operator of the Agata and PDA joint ventures.

PRHI Acquisition of Interest in Mindoro

After December 31, 2013, PRHI disclosed that it had acquired approximately 25.42% of Mindoro's issued and outstanding common shares through a secondary trade in the market. According to PRHI, it acquired 75,605,083 shares in two trades on January 16 and February 21, 2014 at a price of $0.021 per share.

Agata DSO Development Plans

Work continued on securing the remaining permits required to commence production. Principal amongst these is the Declaration or Mining Project Feasibility, and the Foreshore Lease Permit (to construct the port). The application for Clearance to Develop Port has been filed at the Philippine Ports Authority (PPA) central office in Manila.

Pan de Azucar Copper-Gold-Sulphur Projects

TVIRD may earn a 60% interest in the Pan de Azucar Mining Joint Venture ("PDAMJV") by: (i) making minimum aggregate expenditures of $2 million prior to the first anniversary of the date that a declaration of mining project feasibility is issued in respect of that project (the Feasibility Declaration Date); and (ii) solely funding the PDA mining project to the point of commercial production, prior to the third anniversary of the Feasibility Declaration Date. TVIRD must make minimum expenditures before withdrawal of $500,000 prior to December 31, 2014, with such expenditures being creditable against the $2 million of aggregate expenditures noted above.

TVIRD has the right to earn up to a 60% interest in the Pan de Azucar Processing Joint Venture ("PDAPJV") in two stages as follows: (i) a 51% interest, by making minimum aggregate expenditures of $2 million in respect of the PDA processing project on or prior to the first anniversary of the date that a declaration of mining project feasibility is issued in respect of the processing project (the Processing Declaration Date; and (ii) a 9% interest by making additional minimum aggregate expenditures of $3 million in respect of the processing project on or prior to the fourth anniversary of the Processing Declaration Date.

Before withdrawal, TVIRD must make expenditures in respect of the PDA processing of $500,000, prior to December 31, 2014, with such expenditures being creditable against the $2 million of aggregate expenditures noted above.

PDA was directly hit by typhoon Haiyan in November 2013, incurring massive devastation. While there was little impact on Mindoro's operations, most houses and pump boats on the island were washed away by the storm surge, fortunately without loss of life. Mindoro and TVIRD assisted with relief work.

RED MOUNTAIN INVESTMENT

Under the original agreement with Red Mountain, the Surigao District project, Tapian San Francisco was included in the sale to Red Mountain. However, some of the tenements were not successfully conveyed. Consequently, Mindoro has re-acquired all Tapian San Francisco tenements in return for reimbursement to Red Mountain of four million of that company's shares.

During 2013, Mindoro's interest in Red Mountain was reduced to 20.8% when Red Mountain issued 302,381,990 shares for gross proceeds of A$4.6 million.

FINANCIAL

After-tax loss of $20.0 million in 2013 represents an increase compared to the net loss in 2012 of $8.8 million. The Company has recognized an impairment loss of $8.2 million on its investment in Red Mountain and $10.0 million on its Agata and Surigao Regional projects. At December 31, 2013, the cash balance was $198,000 and working capital deficit was $1.1 million compared with a cash balance of $619,000 and working capital deficit of $895,000, excluding its investment held for distribution, at December 31, 2012.

The Company raised $619,000 through the issue of notes payable and private placement of loans in 2013. Subsequent to year end, Mindoro has raised $879,000 through the sale of Red Mountain shares.

(Expressed in Canadian Dollars unless otherwise noted)

3. Activities for the Year Ended December 31, 2013

Table 1

February	Update on TVIRD 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
May	Financial results released for the three months ended March 31, 2013
June	Agata Nickel Project Pilot Plant Commissioned, Pilot Plant Testing Commenced Signed a secured grid promissory note to where TVI may lend up to $1.3 million Amended earn-in terms of TVIRD Joint Ventures
July	Director and Executive appointments
August	Financial results released for the six months ended June 30, 2013
September	Agata High-Iron Laterite DSO Feasibility Study released demonstrating robust economics Renegotiated option to acquire additional 25% interest in Agata projects 2013 Annual General Meeting
October	Signed Variation Agreement with Red Mountain Update on the Agata High-Iron DSO Project Test Work Results for the Agata Nickel Laterite Project
December	Raised $175,000 through bridging loan

4. MILESTONES TARGETED FOR 2014

AGATA NICKEL DEVELOPMENT PROJECT AND PAN DE AZUCAR EXPLORATION:

The Company is a party to Joint Ventures with TVIRD in respect of 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: establish DSO production.
- Stage 2: advance preferred processing technology to pilot testing, and then complete a definitive feasibility study
- Pan de Azucar: evaluation of merits of using pyrite for sulphuric acid production for Agata nickel laterite processing operation.

Mindoro intends to finalize the option agreement with Minimax Mineral Exploration to acquire their 25% interest in the Agata project.

FINANCING:

Mindoro intends to raise additional funds to finance the acquisition of Minimax's 25% interest in the Agata projects and ongoing administrative costs through the issue of new debt or equity financings as well as the sale of assets such as shares of Red Mountain.

5. SELECTED FINANCIAL INFORMATION AND SUMMARY OF QUARTERLY RESULTS

TABLE 2: SELECT FINANCIAL INFORMATION

For the years ended December 31	2013	2012	2011
Revenue ($000)	-	-	-
Loss for the period ($000)	(19,971)	(8,805)	3,860
Loss per share ($)	(0.067)	(0.035)	0.017
Total assets ($000)	10,499	38,469	37,007
Non-current liabilities ($000)	282	162	348
Working capital ($000)	(1,098)	(895)	1,315

TABLE 3: SUMMARY OF QUARTERLY RESULTS

	2012-Q1 $000	2012-Q2 $000	2012-Q3 $000	2012-Q4 $000	2013-Q1 $000	2013-Q2 $000	2013-Q3 $000	**2013-Q4 $000**
Total revenue	-	-	-	-	-	-	-	**-**
General and administrative expenses	(377)	(443)	(561)	(160)	(188)	(132)	(206)	**(255)**
Salaries and employee benefits	(254)	(239)	(183)	(130)	(70)	(63)	(107)	**(95)**
Stock based compensation	12	54	(8)	8	4	1	(1)	**2**
Depreciation and amortization	(35)	(32)	(34)	(35)	(12)	(4)	(4)	**(1)**
Operating Expenses	(654)	(660)	(786)	(317)	(266)	(198)	(318)	**(349)**
Finance income	13	10	5	3	1	-	-	**-**
Remeasurement of warrants liability	-	-	-	737	357	240	(151)	**152**
Impairment of investment held for distribution	-	-	-	-	(645)	(6,100)	(1,314)	**(98)**
Impairment of exploration and evaluation assets	-	(9,562)	2,280	(322)	-	-	-	**(9,979)**
Foreign exchange	(60)	121	(95)	573	537	(1,463)	(47)	**(317)**
Loss on disposal of equipment	-	-	-	-	(8)	-	-	**-**
Loss before income taxes	(701)	(10,091)	1,404	674	(24)	(7,521)	(1,830)	**(10,591)**
Income taxes	-	-	-	(91)	-	-	-	**(5)**
Loss for the period	(701)	(10,091)	1,404	583	(24)	(7,521)	(1,830)	**(10,596)**
Loss per share ($)	(0.003)	(0.040)	0.006	0.002	(0.000)	(0.025)	(0.006)	**(0.036)**

LOSSES

The increase in quarterly losses in the current quarter compared to the same period of 2012 reflect the one time recognition of a contingent liability for documentary stamp tax ("DST") payable in the Philippines for intercompany balances that have been eliminated upon consolidation, offset by a reduction of corporate activity following the signing of joint venture agreements with TVIRD (see note 7 of the financial statements) and the sale to Red Mountain of the Batangas and Tapian San Francisco Gold and Copper/Gold projects. The Company's quarterly operating expenses were higher in the fourth quarter of 2013 compared to the third quarter of 2013 and the fourth quarter of 2012, but are below the average operating loss in the last eight quarters ($444,000).

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;
- The closure of the Melbourne, Australia office in first quarter 2013; and
- Corporate transactions with Red Mountain and TVIRD in the third and fourth quarters of 2012;
- Impairment of the Company's Agata and Surigao Regional tenements in the fourth quarter of 2013;

Further commentary on operating expenses in the fourth quarter and full year of 2013 with respective comparatives:

- In the three months ended December 31, 2013, operating expenses were higher ($349,000) compared to the same period in 2012 ($317,000). However, on annual basis operating expenses were lower in 2013 ($1,131,000) than in 2012 ($2,417,000). The Company has made significant reductions in consulting, legal, travel and other general and administrative costs in the current periods compared to the same periods of

2012. However these were partially offset by the one time charge for DST in the fourth quarter of 2013 noted above.

- Salaries and other employee benefits are lower in the current quarter and on an annual basis compared to the same period last year because of the reduction in personnel noted above (Table 3).

- Impairment losses in the current quarter are the result of a decline in the fair value of Mindoro's interest in Red Mountain as well as recognition of an impairment in the Company's Agata and Surigao Regional projects. Impairment losses in 2012 were recorded because of the transaction with Red Mountain noted above.

- Variations in interest income over the last eight quarters have largely been due to changes in the Company's cash balances, which were $2,089,000 at December 31, 2011 and drawn down to $198,000 at December 31, 2013.

CASH FLOWS

In the fourth quarter of 2013, the Company received $17,000 from operating activities through the collection of receivables, compared to spending $1,453,000 in the fourth quarter of 2012. This reflects an increase in non-cash working capital of $62,000, and more specifically, the collection of trade receivables in the current quarter compared to a $241,000 increase in non-cash working capital in the fourth of quarter 2012 and lower corporate and employee benefit expenses noted above.

In 2013, the Company spent $868,000 in operating activities compared to $3,594,000 in 2012. This reflects an increase in non-cash working capital of $195,000 in the current period compared to a $348,000 decrease in the same period of 2012 and lower corporate and employee benefit expenses noted above.

In 2013, the Company spent $178,000 on exploration expenditures net of cost recoveries, compared to exploration expenditures of $1,515,000 in 2012. Most of the expenditure and recoveries in 2013 relate to option payments to a joint venture partner as part of the acquisition of its 25% interest in the Agata and Surigao Regional tenements, as well as community relations, environmental, and support costs for the Agata and Pan de Azucar joint venture projects that were reimbursed by the TVIRD joint ventures.

GOING CONCERN

The Company incurred a net loss of $19,971,000 (December 31, 2012 - $8,805,000) and operating cash outflows of $867,000 (December 31, 2012 – $3,594,000). At December 31, 2013, the Company has a net working capital deficit of $1,098,000 (December 31, 2012 - $895,000, excluding its investment held for distribution). In addition to its on-going working capital requirements, mining and exploration licences held by the Company have annual expenditure obligations to maintain their 'good standing' status. The majority of these expenditure obligations have been assumed by TVIRD.

The Company and TVIRD entered into joint venture agreements where TVIRD 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 sulfide project by meeting certain expenditure and earn-in objectives (note 7.1 of the financial statements). These joint venture agreements require TVIRD to finance Mindoro's mineral property annual expenditure obligations and maintain the tenements in good standing. Refer to further details included in note 7 of the financial statements. Although management considers it unlikely that TVIRD would withdraw from the joint ventures, in the event that TVIRD were to withdraw, the Company would be required to fund the project obligations itself, acquire a new funding joint venture partner, or withdraw from the projects. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles to a going concern.

In June 2013, the Company signed a secured promissory note (the "Note") under the terms of which TVI may, but is not obligated to, loan Mindoro up to $1.3 million (notes 10.1 and 20 of the financial statements). In December 2013, the Company signed a bridging loan (the "Loan") with a group of shareholders who provided an additional $175,000 for use as general working capital. Subsequent to year end, in March 2014, the Company raised $879,000, net of broker fees, through the sale of 54% of its Red Mountain Mining Ltd. ("Red Mountain") shares. These undertakings are not sufficient in and of themselves to enable the Company to fund all aspects of its operations for the next 12 months, and, therefore, the ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing operating activities.

Accordingly, management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going concern. Management believes that it will be able to secure the necessary financing through the issue of new equity or debt instruments or the sale of its remaining shares of Red Mountain (note 8 of the financial statements). Nevertheless, there is no assurance that these initiatives will be successful and until the Company begins to receive positive cash flow from the TVIRD 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.

The board of directors believe that sufficient funds will be available for the Company to meet its obligations for the next twelve months and consider the Company to be a going concern, but recognize that it is dependent upon its ability to raise additional funds, repay existing borrowings, obtain the support of partners, sell investments, sell interests in or relinquish mining tenements held by the Company, and ultimately generate positive cash flows from operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues, expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

6. DISCUSSION OF PROJECTS

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

The Company has entered into a joint venture with TVI Resource Development (Phils.), Inc. ("**TVIRD**"), whereby TVIRD may earn up to 60% interest from Mindoro in the Agata Nickel Project by progressing a a two stage development strategy. Mindoro has the option to acquire an additional 25% from its partner Minimax Mineral Exploration Corporation. If all options are exercised, TVIRD will have a 60% interest in the Agata Project and Mindoro 40%.

TVIRD may earn its 60% interest in the joint ventures through achieving direct shipping ore ("DSO") production and completing a Definitive Feasibility Study ("DFS"). Mindoro would be carried to production for the DSO joint venture, and through the feasibility study for the processing joint venture. Details of Mindoro's joint venture arrangements are described in the Mindoro releases of September 27, and October 12, 2012, and June 24, 2013.

Prime Resources Holdings, Inc., a Philippines corporation and wholly-owned subsidiary of Prime Asset Ventures, Inc., has purchased a 68.42% direct equity interest in TVIRD and TVI holds a 30.66% indirect interest.

The Agata mining project includes the following opportunities:

- a near-term high Fe laterite DSO;
- a near-term limestone DSO;

- a medium-term lime production facility;
- a medium-term nickel processing plant project.

High Fe and Limestone DSO/Lime Production Facility

The high iron laterite and limestone deposits occur within one kilometre of the coast, which is expected to positively impact transportation costs due to the close proximity of the mine pit to the port. The upper portions of the laterite profile comprise the ferruginous zone and limonite zone, both rich in iron. It is estimated that there are approximately ten million wet metric tonnes (wmt) of high Fe material with iron grades between 45% and 52%. These historical estimates are set out in the Agata Report referred to above. The deposit is expected to be developed as a surface mining operation with the high Fe material 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 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 already has an existing ECC; however, other permits such as a port permit and a DMPF are also required.

The limestone occurring at the coast is a massive recrystallized limestone of very high purity levels with $CaCO_3$ of greater than 95% according to the Agata Report. Five (5) holes were drilled into the limestone horizon by Mindoro but the number of holes drilled is not considered sufficient to classify a mineral resource. The limestone is estimated in the Agata Report 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.

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 in mid-2015 pending the receipt of all required permits, among other things.

The development plans and initial pre-development activities for the two DSO projects are underway and include:

a) For the high iron DSO project:

- the Agata DSO project is well into the permitting stage with the Environmental Protection and Enhancement program and the Final Mine Rehabilitation and Decommissioning Plan under review by the Mine Rehabilitation Fund Committee. Final approval of the DMPF is then expected to follow, which will allow the project to move into development. The Agata high iron DSO project already has an existing ECC.
- road/infrastructure design and construction plans are proceeding.
- active discussions with off-takers who have expressed interest in the Agata DSO product.
- mine development planning.
- community relations.

b) For the Limestone DSO project:

- further drilling on the limestone deposits to delineate resource to NI 43-101 standards.
- preliminary concepts and mining plans for the limestone.

(Expressed in Canadian Dollars unless otherwise noted)

- confirming markets for limestone and lime products.
- metallurgical test works.

The August 30, 2013, NI 43-101 compliant Feasibility Study indicated robust economics for a DSO operation of the high iron laterite resources at the Agata Project. The Feasibility Study concluded:

- Low initial start-up capital of US$10.1 million, high Internal Rate of Return (IRR) of 187% and payback within first year of operation;
- Post-tax Net Present Value (10% discount) of US$37.9 million;
- DSO product to grade 48% Fe and 0.9% Ni. - a consistently in demand product;
- Shipping rates to accelerate to 2.5M wet metric tonnes per annum in 2015.

Economic Assessment

Below is a summary of the Agata DSO feasibility study economic assessment for 100% of the project:

High Iron Limonite DSO sale price (FOB)	**USD/wmt**	**$22**
NPV (10% discount rate) post-tax	USD (M)	$37.9
Payback Period	Years	1.0
IRR post-tax	%	187%

The High Iron limonite DSO sale price of US$22 per wet metric tonne (wmt FOB) is 10% lower than the average sale price realized by off-takers shipping similar ore over the past 18 months.

Capital and operating cost estimates have been developed to ±15% precision. The inputs to the Feasibility Study were developed by Dallas Cox, MAusIMM (CP), of Crystal Sun Consulting Limited, based on estimates from local Philippine contractors, TVIRD's current suppliers and service providers.

Installed capital cost estimates include the Port Loading Facility, general infrastructure, mining-related capital costs, duties and taxes for equipment, sustaining capital and an estimate of working capital. A 10% contingency has been allowed within the capital cost estimate.

Operating cost estimates include mining, infrastructure, government charges, royalties, administration, security, community relations and environmental costs. Cash flows are calculated on an after-tax basis applying the current Philippine taxation regime.

Mineral Reserve Estimate and DSO Production Targets

The NI 43-101 Compliant Mineral Resource estimate for the Agata Nickel Project, released on April 10, 2013, (available on www.sedar.com, www.mindoro.com), forms the basis of the Mineral Reserve estimate for the Feasibility Study and the following DSO production targets:

DSO Production Targets

Year	WMT	Ni%	Fe%
2013	-	-	-
2104	2,000,000	0.9	48
2105	2,500,000	0.9	48
2016	1,800,000	0.9	48
2017+	500,000	0.9	48

The resource estimation method applied to the Mineral Resources was ordinary kriging. Cut-off grades applied were 0.5% nickel within the Limonite zone and 0.8% nickel within the Saprolite zone.

The Mineral Reserve estimate in the table below, based on open-pit optimization and designs by Dallas Cox, reflects the economic parameters in the Feasibility Study and is expressed in both dry metric tonnes (dmt) and wet metric tonnes (wmt).

Agata North Mineral Reserve Estimate – as at August 30th, 2013

Classification	Horizon	M (dmt)	M (wmt)	Ni%	Co%	Fe%	Al%	Mg%	SiO_2%
Proven	Limonite	0.18	0.26	1.00	0.11	47.1	3.0	1.6	5.6
Probable	Limonite	6.61	9.44	0.93	0.11	48.3	3.4	0.5	3.0
Proven + Probable	**TOTAL**	**6.79**	**9.70**	**0.93**	**0.11**	**48.0**	**3.4**	**0.5**	**3.0**

Capital and Operating Costs

The project capital and operating costs are presented in the following tables:

Capital Cost Estimate for Agata Nickel DSO Project

Description	Capital Costs (Million USD)
Mobilisation	0.15
Site Preparation	0.04
Road Construction/Upgrading/Widening	1.14
Causeway Construction	2.62
Building Construction	1.89
General Services and Transportation	0.21
Mechanical/Electrical Equipment	0.07
Laboratory and Equipment/Apparatus	0.24
Office Equipment	0.06
Miscellaneous	0.20
Subtotal	6.62
Working Capital	2.64
Sustaining Capital	0.95
Subtotal	3.59
Contingency	0.93
VAT Payable (@ 12%)	1.31
Total	**12.45**

Operating Cost Estimate

Description	LOM Costs (Million USD)	USD/wmt Shipped
Mining & Haulage Costs	33.5	3.45
Ore Drying	6.5	0.67
Stockpile Load & Haulage Cost	16.8	1.73
Barging	21.7	2.24
Roads, Drainage & Rehabilitation	9.7	1.00
G&A	17.9	1.84

(Expressed in Canadian Dollars unless otherwise noted)

Fees & Royalties	7.5	0.78
MPSA Compensation & Rates	3.0	0.31
VAT Payable (@ 12%)	10.9	1.12
Total Operating Costs	**127.4**	**13.14**

AGATA NICKEL PROCESSING PLANT

The Agata Ni processing plant is a medium-term growth opportunity which TVIRD, as operator, currently expects could come into production in 2016, dependent on such things as a successful metallurgical testing program and pending receipt of the required permits and financing. 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 Ni production. The Project Execution/ Technology Development team is proposing the use of innovative, low cost leaching and downstream Ni recovery and purification technology rather than the traditional high cost HPAL processes used in the laterite nickel industry. TVIRD's team of technical staff engaged to deal with the Mindoro joint venture projects are the developers of this leaching and downstream Ni recovery and purification technology and their expertise will be used to fast-track the processing plant.

The laterite 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. The estimated capital cost for the nickel processing plant plus associated infrastructure (port, water, power, etc.) is targeted to be less than US$100 million. The cash operating costs are targeted to be approximately US$4 per lb Ni (approximately US$9,000/t Ni), assuming the use of imported sulphuric acid. If the Pan de Azucar pyrite project can be successfully commercialized, then the opportunity exists to self-produce sulphuric acid at the nickel plant site, thereby further reducing operating costs, and with the added benefits of by-product electricity and steam. Site infrastructure is excellent with local sources of labour, fresh water and power (supplemented by back-up generators). The processing plant will be located within two kilometers 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;
- external laboratory testing at BGRIMM of a representative bulk 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 test work results confirm the Agata material is highly amenable to acid leaching with a high rate of nickel extraction achieved at a low acid consumption rate.
    - pilot plant scale testing of Agata laterite is complete and results confirm excellent leachability.
- 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

On April 10, 2013, an updated NI 43-101 technical report entitled "Independent Report on the Nickel Laterite Resource - Agata North, Philippines" was filed. The report was prepared by Mark G. Gifford, MSc (Hons), FAusIMM, of Margaret River, Western Australia.

The updated NI 43-101 reflects an updated and reclassified resource estimate for the Agata North nickel laterite resource. The new resource provides a robust foundation for moving forward, initially, with a DSO operation of high-iron limonite (upper laterite horizon), followed by atmospheric leach processing of the underlying saprolite horizon.

- Measured and Indicated resources increase to 33.9 million dry metric tonnes (dmt) at 1.1% nickel
- compared to the previous 31.8 million dmt at 1.05% nickel;
- Inferred resources are 2.0 million dmt at 1.04% nickel;
- Estimated contained nickel is 391 thousand tonnes.

This current resource estimate gives a superior grade-tonnage distribution. Sufficient high-iron limonite has been defined for approximately five years of DSO production at approximately 2m dmt / year. During this period it is expected that the nickel processing plant will be in operation.

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 Agata South, Bolo-bolo and Karihatag.

(Expressed in Canadian Dollars unless otherwise noted)

Classification	Sub-Domain	kTonnes	Ni	Co	Fe	Al	Mg	SiO_2	CaO	Cr_2O_3	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
	Total Limonite	**238**	**1.00**	**0.11**	**48.1**	**3.05**	**1.0**	**4.9**	**0.05**	**3.58**	**1.00**
	Upper Saprolite	478	1.19	0.03	11.3	0.39	17.9	41.6	0.32	0.89	0.23
	Lower Saprolite										
	Total Saprolite	**478**	**1.19**	**0.03**	**11.3**	**0.39**	**17.9**	**41.6**	**0.32**	**0.89**	**0.23**
	Measured Sub-Total	**716**	**1.13**	**0.06**	**23.5**	**1.27**	**12.3**	**29.4**	**0.23**	**1.78**	**0.49**
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
	Total Limonite	**9,764**	**0.94**	**0.11**	**46.3**	**3.39**	**1.0**	**5.1**	**0.22**	**3.05**	**0.90**
	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
	Total Saprolite	**23,459**	**1.16**	**0.03**	**11.9**	**0.55**	**16.5**	**40.3**	**0.35**	**0.91**	**0.25**
	Indicated Sub-Total	**33,222**	**1.10**	**0.05**	**22.0**	**1.38**	**11.9**	**30.0**	**0.31**	**1.54**	**0.44**
Measured & Indicated	**Grand Total**	**33,938**	**1.10**	**0.05**	**22.0**	**1.38**	**11.9**	**30.0**	**0.31**	**1.55**	**0.44**
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
	Total Limonite	**258**	**1.08**	**0.11**	**44.0**	**3.25**	**1.8**	**10.5**	**0.06**	**3.03**	**0.90**
	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
	Total Saprolite	**1,828**	**1.04**	**0.03**	**12.4**	**0.63**	**16.2**	**41.5**	**0.35**	**0.99**	**0.26**
	Grand Total	**2,086**	**1.04**	**0.04**	**16.3**	**0.96**	**14.4**	**37.7**	**0.32**	**1.24**	**0.34**

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.

Sample preparation and assaying were performed by Intertek Testing Services, Phils., Inc. ("**ITS**"). The ITS Phils. facility is among Intertek's global network of mineral testing laboratories. Each sample is analyzed for nickel (Ni), cobalt (Co), iron (Fe), magnesium (Mg), aluminum (Al), silica (SiO2), CaO, Cr2O3, K2O, MnO, Na2O, P2O5, and TiO2. Whole rock analyses are done using X-ray Fluorescence (XRF). The samples are fused using lithium metaborate. XRF analysis determines total element concentrations that are reported as oxides. ITF mineral testing laboratories implement quality protocols. Normal Quality Control and Quality Assurance procedures were carried out, using a system of repeat analyses plus split sample analyses and the use of standard reference materials and blanks. Assay verification was carried out using standard samples and re-assaying field and pulp duplicates.

On June 5, 2013, as a result of positive bench-scale test work carried out at the Agata Nickel Processing project, pilot-plant testing was commissioned and commenced operation to further define the technological parameters to be used in producing a Bankable Feasibility Study with the goal of building a commercial processing plant.

The positive test work on nickel (Ni) laterite, from the Agata nickel laterite deposit, confirms the Agata laterite is highly amenable to acid leaching with a high rate of nickel extraction achieved at a low acid consumption rate. The process technology TVIRD is developing, and which has produced these results, aims to achieve maximum nickel recovery and low acid consumption which translates into increased metal production and lower operating costs.

Approximately one tonne of laterite material was sent to the Beijing General Research Institute of Mining & Metallurgy ("**BGRIMM**") for the purposes of conducting bench-scale crushing, scrubbing, screening and leaching tests to confirm the optimal circuit configuration and to validate the processing process identified by TVIRD. A team of three TVIRD metallurgists was seconded to the BGRIMM team for the duration of the test work campaign. TVIRD also setup a bench-scale laboratory in Manila. All optimum conditions as identified in the BGRIMM tests have been validated, with excellent reproducibility of results between the TVIRD and BGRIMM tests.

More than 70 leach tests have been conducted. These tests conclusively illustrate that the Agata mineralized material is highly amenable to acid leaching. Overall extractions of 94% Ni has been obtained at a relatively low acid consumption rate of 650 kg/t. This translates to approximately 49 t acid/t Ni produced for grades of 1.5% Ni. The acid utilization efficiency is encouraging when compared to other atmospheric acid leach processes.

Approximately twelve tonnes of mineralized material were sent to BGRIMM in order to continuously operate a pilot plant that consists of, amongst others, primary leaching (atmospheric) and secondary leaching (low pressure autoclave). To date, all material has been blended, crushed, screened and milled. Leaching commenced on May 13, 2013 to test a high grade (1.5% Ni) and a medium grade (1.3% Ni) sample. Pregnant leach solution ("**PLS**") from the BGRIMM pilot plant was then shipped to the Philippines and processed in the TVIRD downstream Ni recovery pilot plant.

The process technology TVIRD is developing aims to achieve maximum nickel (Ni) recovery at an operating cost that could position the Agata process plant amongst the lowest cost producers - while best representing the requirement to contain capital costs of the project.

The process involves the treatment of higher Ni grade mineralization (>1.3% Ni). Much of the high iron (Fe) grade limonite will be directly shipped as part of a DSO operation. Therefore, the feed to the process plant is depleted of limonite. In addition, the higher grade Ni is associated mainly with the saprolite material (which occurs beneath the limonite in the mineralization profile) - therefore, once the higher grade material is considered, the ratio of limonite:saprolite that will be fed to the process plant is approximately 8% limonite:92% saprolite. The process consists of separating the material into a high Fe, low magnesium (Mg) fraction to feed the primary leaching stage and a low Fe, high Mg fraction, to feed the secondary leaching stage. Leaching is conducted in two stages to minimize acid consumption, as well as to clean the PLS of Fe.

PLS is recovered by a counter current decantation ("**CCD**") circuit and then further refined using ion exchange (IX), and finally precipitated and filtered to produce a nickel hydroxide product ("**NHP**") of 53% Ni content. This NHP is a versatile product since it is a refined intermediate product, and therefore, due to its purity, it is easily refined into Ni metal by potential off-takers.

Approximately thirty tonnes of material was mined from a variety of test pits that cover the Agata mineralization to provide the samples. Test pits were carefully selected from the available drill hole data to accurately reflect the material that is expected to feed the process plant. Limonite and saprolite horizons were separately mined, blended and loaded into sealed drums to preserve moisture.

On October 18, 2013, Mindoro provided an update on the positive test work results for its Agata Nickel Laterite project. The BGRIMM pilot plant operation was conducted from May to July 2013 and the results are encouraging and in line with expectations as obtained from positive bench-scale test work.

The key outcomes of the BGRIMM pilot plant were as follows:

- An overall nickel extraction of 93.5 - 94.5% may be consistently achieved at an acid consumption of 48-50 t acid/t Ni leached. This has been shown as a result of an extensive BGRIMM pilot plant campaign, in which 4,300 kg of feed was leached.
- Leaching performance achieved is near identical to that obtained during the bench-scale test campaigns conducted at BGRIMM and the in-house facility in Manila.
- The 2-stage leaching process proposed is robust and yielded similar results for the variety of mineralization types tested.
- The leaching pilot plant operation allowed determination of other circuit design data such as residence time, operating temperature, feed slurry density, etc.
- Vendor settling tests confirmed fast settling nature of the feed , and leach residue. Acceptable underflow density obtained means that the leach circuit can be operated at 35-40% solids and the CCD circuit can be designed to achieve 98-99% recovery of soluble Ni over 7 CCD stages. All design data for pre-leach and CCD thickener design has been obtained.
- Limestone and lime consumption were determined from the continuously operating pilot plant for the neutralization of the washed leach residue. Additionally, residence time and other design parameters were obtained.
- Vendor settling tests have confirmed the expectation that the filtration rate of the washed and neutralized leach residue is slow, but feasible to incorporate this unit operation in the full scale plant flowsheet. All data to allow the design of the residue filtration have been obtained.

Approximately 8,000L of the nickel-rich liquor from the BGRIMM pilot leaching plant was shipped to the Philippines for use as the feed stock to the TVIRD nickel purification and recovery pilot plant, established to produce a Nickel Hydroxide Product (NHP, containing about 50-53% Ni). The PLS was then processed in the TVIRD pilot plant as follows:

- All 8,000L of PLS was purified and the Ni concentration was increased by using the continuous countercurrent ion exchange ("**IX**") process developed by TVIRD. Ni recovery to eluate was 99.3%.
- The acid content of the IX eluate was then neutralized and the acid free eluate separated from the solid gypsum through a thickening stage and Ni then precipitated from this. After a 2nd precipitation stage, >99% of Ni in solution was precipitated.
- To ensure high product purity, the Ni product was harvested from the 1st Ni precipitation stage. Ni rich slurry from the 1st Ni precipitation stage was thickened and a portion of the thickener underflow stream recycled as seed to the feed of the 1st stage Ni precipitation, while the remainder was washed and filtered, thereby constituting the final NHP product.
- NHP filter cake was successfully produced February 7th, 2014 with a 52% to 54% Ni grade at the TVIRD pilot plant. Impurities such as Fe, Ca and Mg are low enough for the NHP to be considered a refined intermediate product. This implies that NHP may be converted to nickel oxide and nickel metal without the need for additional refining, thereby offering possible offtakers with a versatile product alternative.

The successful testing now at the TVIRD pilot plant and the production of NHP will allow a comparison of processes and products to enable the selection of a final process route as part of the Bankable Feasibility Study that is currently underway.

The TVIRD pilot plant has already processed all of the 8,000L of PLS received from BGRIMM. NHP produced will be characterised by a 3rd party facility, and a NHP specification sheet will be developed. NHP, together with the specification sheet, will be sent to potential offtakers for evaluation.

The final stage of pilot plant operation will comprise of treatment of the barren solution from the IX plant to produce an effluent that is acceptable for disposal as well as ecological tests for residues.

PAN DE AZUCAR PYRITE PROJECT (75% ECONOMIC INTEREST)

The Pan de Azucar MPSA covers approximately 535 ha on Pan de Azucar Island and adjacent Panay Island. Mindoro has entered into joint venture agreements whereby TVIRD may earn up to 60% interest through achieving DSO production; and are earning 51% with an option to earn a further interest to 60% through expenditure on the processing joint venture. Details of the joint venture arrangements are described in the Mindoro releases of September 27, and October 12, 2012, and June 24, 2013.

As described in the Company'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 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 and 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.*

The joint venture expects 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 Ni processing plant site. Currently there are no permits in place for the mining of the pyrite material.

Activities planned 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 work is in progress

No technical work was carried out during the period. Work was restricted to community relations programs.

7. INVESTMENT

In 2012, Mindoro acquired a 55.8% interest in Red Mountain through the sale of the Batangas and Tapian San Francisco gold projects. In 2013, Red Mountain issued 302,381,990 shares, reducing Mindoro's interest in Red Mountain to 20.8%. Mindoro initially classified its interest in Red Mountain as a held for distribution asset, because under the terms of the share sale agreement, the Company was obligated to distribute at least a majority of the Red Mountain shares to its shareholders following a twelve month ASX imposed escrow period, which expired October 31, 2013. However, in the fourth quarter of 2013 the Company and Red Mountain agreed to remove the distribution requirement and Mindoro announced that it no longer plans to distribute the shares (note 6 of the financial statements). Mindoro has determined that it does not have significant influence in Red Mountain since it does not participate in the strategic decision making of Red Mountain and has, therefore, classified its investment as a financial asset available for sale.

Subsequent to December 31, 2013, Red Mountain issued an additional 203,746,576 fully paid ordinary shares, Mindoro returned 4 million Red Mountain shares to re-acquire the Tapian San Francisco tennements sold to Red Mountain in 2012, and Mindoro sold 51,772,946 to third party investors for net proceeds of $879,000. As a result of these transactions, Mindoro's interest in Red Mountain has been reduced to 6.5%.

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.

TABLE 4: RED MOUNTAIN FINANCIAL RESULTS

	For the six months ended December 31,		For the years ended June 30,	
	2013	2012	**2013**	2012
Revenue (AUD $000)	73	19	141	174
Loss for the period (AUD $000)	(1,361)	(195)	(4,250)	(5,178)
Total assets (AUD $000)	18,846	17,945	14,945	4,556
Total liabilities (AUD $000)	762	982	982	280

8. EVENTS AFTER THE REPORTING PERIOD

On February 25, 2014 the Company reported that Philippines based Prime Resources Holdings Inc. ("PRHI") had acquired 25.42% of the common shares of the Company. Pursuant to the terms of the Note provided by TVI, the acquisition of greater than 20% of the voting shares of Mindoro is an event of default, which grants TVI the right, but not obligation, to demand repayment of any outstanding principle and interest due under the Note with such amounts becoming due and payable within five business days of Mindoro receiving the demand. Pursuant to the security and chattel mortgage agreement, Mindoro has ten business days to satisfy the demand before TVI may exercise any rights or remedies provided by applicable laws or any other agreement. Mindoro is in discussions with TVI to exempt PRHI's acquisition of the Company's shares from the event of default provisions of the Note.

Subsequent to year end on March 4, 2014, the 100 million Red Mountain shares would be released from a voluntary escrow following the finalization of certain amended agreements relating to the transfer of contractual rights and technical services for the Batangas gold projects. Following their release from escrow and obtaining approval from disinterested Red Mountain shareholders, Mindoro returned 4 million Red Mountain shares to reacquire the contractual rights for several tenements in the Philippines including Tapian San Francisco. As required under Mindoro's joint venture agreement with TVIRD, TVIRD has undertaken due diligence with respect to acquiring an interest in the Tapian San Francisco tenements.

In March 2014, the Company reported that it has sold 51.8 million Red Mountain shares in a series transactions at an average sale price of A$0.0169 per share for net proceeds of $879,000 (A$869,000). The Company's interest in Red Mountain after this transaction was 6.5%.

(Expressed in Canadian Dollars unless otherwise noted)

9. TRANSACTIONS BETWEEN RELATED PARTIES

The consolidated financial statements include the financial statements of Mindoro and the following significant subsidiaries and investments:

	Country of Incorporation	Classification	% Ownership at December 31 2013	2012
MRL Nickel Philippines Inc	Philippines	Active subsidiary	**100%**	100%
El Paso Corp	Philippines	Inactive subsidiary	**100%**	100%
Talahib Corp	Philippines	Inactive subsidiary	**100%**	100%
Batangas Metals and Mining Corp	Philippines	Inactive subsidiary	**100%**	100%
Red Mountain Mining Ltd	Australia	Financial Asset	**21%**	56%
Agata Mining Ventures Inc	Philippines	Investment in associate	**17%**	40%
Agata Processing Inc	Philippines	Investment in associate	**22%**	40%
Pan de Azucar Mining Ventures Inc	Philippines	Investment in associate	**40%**	40%
Pan de Azucar Processing Inc	Philippines	Investment in associate	**40%**	40%
Apmedoro Mining Corp	Philippines	Investment in associate	**15%**	15%

Significant judgement has been applied to the accounting treatment of the Company's equity interest in Red Mountain (note 4 of the financial statements). Subsequent to December 31, 2013, the Company has reduced its interest in Red Mountain to 6.5% through the sale of 51.8 milliion Red Mountain shares, the return of 4 million Red Mountain Shares in exchange for the return of the Tapian San Francisco projects, and Red Mountain's issuance of new ordinary shares.

MRL Nickel owns equity interests in four joint venture companies related to the TVIRD joint ventures, and one joint venture company related to the Apical Project which have been accounted for using the equity method.

TVI has a 14% interest in Mindoro and a 31% interest in TVIRD. In 2013, the Company recorded recoveries from the joint ventures with TVIRD of $181,000. The Company has a note payable to TVI for $381,000 borrowed on which it accrues 15% interest per annum. At December 31, 2013 the balance of the note payable includes $23,000 of accrued interest expense in relation to this note payable.

The Company has recorded debts payable to current and former non-executive directors totalling $61,000 on which it pays 8% interest per annum. The balance at December 31, 2013 includes $2,000 of accrued interest.

The Company has recorded a note payable to an executive director totalling $32,000 which does not accrue interest.

In December 2013, a director of the Company participated in a private placement of loans for $25,000. The loan is due in December 2015 and pays interest at a rate equal to 15% per annum on a quarterly basis commencing March 31, 2014. The Company has reserved 100,000 common shares for issue to the director as a bonus for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company.

The following remuneration has been paid or is payable to directors and officers of the Company. Movements in stock based compensation relate to the remeasurements of the Company's cash settled options.

	As at December 31	
	2013	2012
	$000	$000
Salaries and directors fees	**405**	637
Stock based compensation	**(5)**	(66)
Key management compensation	**400**	571

10. Significant Accounting Policies

Critical accounting judgments applied in the Company's accounting policies

Going Concern

Due to the financial condition of the Company at December 31, 2013 and the contractual commitments that are outstanding, judgment has been exercised in applying the assumption that the Company will continue as a going concern for the foreseeable future. Refer to note **Error! Reference source not found.** of the financial statements for further disclosure.

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.

Functional Currency Determination

The determination of functional currency is based on the primary economic environment in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Factors that the Company considers when determining its functional currency, and the functional currency of its subsidiaries, include: (i) the currency that the delivery of goods or services are contracted in, (ii) the currency used to conduct business in the region, (iii) the currency that mainly influences labour, material and other costs of providing goods or services, (iv) the currency in which receipts from operating activities are usually retained in. When the indicators are mixed and the functional currency of an entity is not obvious, management uses its judgment to determine the functional currency that most appropriately represents the economic effects of the underlying transactions, events and conditions. Judgment was applied in determining the functional currency of Mindoro, the parent company, to be Canadian dollars.

CLASSIFICATION OF EQUITY INVESTMENTS

During 2013, upon the loss of control of the Company's interest in its subsidiary, Red Mountain, which was previously classified as a held for distribution investment, the Company determined that its remaining equity interest in the shares of Red Mountain should be classified as a financial asset available for sale, rather than a significant influence investment in associate. Judgment was applied in determining the Company's classification of its remaining investment in Red Mountain as a financial asset available for sale.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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.

IAS 19 EMPLOYEE BENEFITS

The Company has adopted revised IAS 19, Employee Benefits ("IAS 19") on January 1, 2013 with retrospective application. The Company adopted IAS 19 effective January 1, 2013. The Company applied the amended policy to benefits on and after January 1, 2012, according to the transitional provisions of IAS 19. The Company was not required to adjust the carrying amount of liabilities for changes in employee benefit costs that were included in the carrying amount before the date of initial application.

Under IAS 19, the cost of retirement benefits for defined benefit plans includes net interest expense. This expense is calculated by applying the discount rate to the net defined benefit liability at the beginning of the annual period. It also takes into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Prior service costs will now be recognized immediately in earnings in the period of a plan amendment. Previously, the unvested portion of the prior service costs was amortized on a straight line basis over the period until the benefits were vested.

Retirement benefit costs for defined benefit plans were previously included in salaries and other employee benefits. With this change, service cost will continue to be recognized as an expense in salaries and other employee benefits.

The effects of this change in accounting policy on the Company's financial statements are summarized in note 19 of the financial statements.

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.

IFRS 11 JOINT ARRANGEMENTS

The Company adopted IFRS 11, Joint Arrangements ("IFRS 11") on January 1, 2013, with retrospective application. 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.

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 existed that has resulted in joint control, including the Company's joint venture agreements with TVIRD, which are investments under the equity method.

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

The Company adopted IFRS 12, Disclosure 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 adoption of IFRS 12 effective January 1, 2013, resulted in additional disclosures in the Company's financial statements for the year ended December 31, 2013.

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 a significant impact on the Company's financial statements for the year ended December 31, 2013, but requires 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.

IFRS 7, FINANCIAL INSTRUMENTS: DISCLOSURES

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") has been amended to require annual disclosure of information on rights to offset financial instruments and related arrangements. The Company adopted this amendment effective January 1, 2013. The amendments to IFRS 7 did not result in a significant impact on the Company's financial statements for the year ended December 31, 2013. The new disclosures provide information that is useful in evaluating the effect of netting arrangements on the Company's financial position. The new disclosures are required for all recognized financial instruments that are offset according to IAS 32, Financial Instruments: Presentation ("IAS 32"). They also apply to recognized financial instruments that are subject to an enforceable master netting arrangement, irrespective of whether the financial instruments are offset according to IAS 32.

(Expressed in Canadian Dollars unless otherwise noted)

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9, Financial Instruments, addresses, in its two finalized phases, the classification and measurement of financial assets and financial liabilities and hedge accounting, replacing the parts currently found in IAS 39, Financial Instruments: Recognition and Measurement. In the third and final outstanding phase of this standard, the IASB will address impairment of financial assets. The Company will quantify the effect when the final standard, including all phases, is issued.

IAS 36 IMPAIRMENT OF ASSETS

IAS 36, Impairment of Assets, requires entities to disclose the recoverable amount of impaired cash generating units ("CGUs"). The amendment is required to be adopted for periods beginning January 1, 2014 and is not expected to result in material disclosure changes in the Company's financial statements.

IFRIC 21 LEVIES

IFRIC 21, Levies, clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the minimum threshold is reached. Retrospective application of this interpretation is effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Company is assessing the impact of this interpretation on its financial statements.

There are no other standards or interpretations issued that are not yet effective that the Company anticipates will have a material impact on its financial statements once adopted.

11. OUTSTANDING SHARE DATA

TABLE 5

Issued - Common shares	Common Shares	Stock Options	Purchase Warrants
December 31, 2012	296,837,399	12,595,000	61,826,578
Issued pursuant to private placements	600,000	-	-
Forfeited/expired	-	(8,410,000)	-
March 31, 2013	297,437,399	4,185,000	61,826,578

In December 2013, pursuant to a private placement of loans, the Company issued 600,000 common shares to lenders as a bonus for entering into the loan agreements. The Company allocated $9,000 of the loan proceeds as share capital. The Company also reserved 100,000 common shares for issue to one director as a bonus for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company.

12. 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.

As described in section 8, PRHI's acquisition of 25.42% of the voting shares of Mindoro is an event of default under the terms of the Note. As a result TVI has the right, but not the obligation, to demand repayment within five business days at any time prior to the due date on June 24, 2014.

The Company has secured a strategic partner, TVIRD, 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.

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.

13. 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 December 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 December 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.

14. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to give reasonable assurance regarding the reliability of financial reporting and preparation of its financial statements. Management has designed and maintains a system of internal controls over financial reporting to carry out its responsibility. Management believes that these controls provide reasonable assurance that financial records are reliable and form a proper basis for the preparation of financial statements. Due to its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Furthermore, projections for any evaluation of effectiveness for future periods subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies may deteriorate.

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 December 31, 2013 based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations ("COSO").

A material weakness impacting the Company's financial statements for the years ended December 31, 2013 and December 31, 2012 were identified in relation to the operation of internal controls over financial reporting. The material weakness resulted from inadequate number of finance and accounting personnel and resources in the financial reporting group, which is not uncommon for a company of Mindoro's size, and an inadequate understanding of certain agreements related to the TVIRD joint venture.

Management has performed an evaluation of the internal control deficiency and intends to acquire additional experienced accounting staff, subject to available financing, in the second quarter of 2014, and to educate existing staff on the Company's agreements in order to increase the effectiveness of the Company's internal controls. However, given the small finance and management team there are limits to the Company's ability to have a robust and segregated control environment.

MINDORO
RESOURCES LTD

Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

(Expressed in Canadian Dollars)

Canada
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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

March 31, 2014

Independent Auditor's Report

To the Shareholders of Mindoro Resources Ltd.

We have audited the accompanying consolidated financial statements of Mindoro Resources Ltd. and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2013 and the consolidated statement of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mindoro Resources Ltd. as at December 31, 2013 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

PricewaterhouseCoopers LLP
111 5th Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3
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Emphasis of matter
Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Mindoro Resources Ltd.'s ability to continue as a going concern.

Other matter
The consolidated financial statements of Mindoro Resources Ltd. for the year ended December 31, 2012 (prior to the restatement of the comparative described in note 19 to the consolidated financial statements) were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 30, 2013.

As part of our audit of the consolidated financial statements of Mindoro Resources Ltd. for the year ended December 31, 2013, we also audited the adjustment described in note 19.1 that was applied to restate the consolidated financial statements for the year ended December 31, 2012 and as at January 1, 2012 and the adjustments described in note 19.2 and note 19.3 that was applied to restate the comparative consolidated financial statements for the year ended December 31, 2012. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the consolidated financial statements of Mindoro Resources Ltd. for the year ended December 31, 2012 and as at January 1, 2012 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements for the year ended December 31, 2012 and as at January 1, 2012 taken as a whole.

PricewaterhouseCoopers LLP

Chartered Accountants

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MINDORO RESOURCES LTD

Consolidated Balance Sheet

(Expressed in thousands of Canadian Dollars unless otherwise stated)

MINDORO RESOURCES LTD

	Note	Dec. 31 2013	Dec. 31 2012	Jan. 1 2012
ASSETS	19		Restated	Restated
Current assets				
Cash and cash equivalents	5	**198**	619	2,089
Trade and other receivables		**69**	257	257
Prepaid expenses and other current assets		**36**	52	81
Financial assets available for sale	6	**285**	-	-
Investment held for distribution	6	**-**	17,537	-
		588	18,465	2,427
Non-current assets				
Exploration and evaluation assets	7	**9,710**	19,767	34,163
Property and equipment	8	**4**	38	417
Investment in associate	9	**197**	199	-
		9,911	20,004	34,580
TOTAL ASSETS		**10,499**	38,469	37,007
LIABILITIES				
Current liabilities				
Trade and other payables		**719**	728	1,034
Borrowings	10	**476**	-	-
Warrants liability	14	**490**	1,088	-
Share based liability	16	**1**	7	78
		1,686	1,823	1,112
Non-current liabilities				
Borrowings	10	**166**	-	-
Defined benefit retirement obligation	11	**116**	162	348
		282	162	348
TOTAL LIABILITIES		**1,968**	1,985	1,460
Equity attributable to owners of the parent				
Share capital	12	**52,403**	52,864	50,925
Share obligation	12	**1**	-	135
Other reserves	13	**11,488**	11,251	11,078
Accumulated losses		**(55,361)**	(35,396)	(26,591)
		8,531	28,719	35,547
Non-controlling interests		**-**	7,765	-
TOTAL EQUITY		**8,531**	36,484	35,547
TOTAL LIABILITIES AND EQUITY		**10,499**	38,469	37,007

Going concern (Note 1)
Subsequent events (Note 20)

These consolidated financial statements were authorised for issue by the board of directors on March 31, 2014 and are signed on its behalf.

X
A. R. Garden, Chairman

X
J. A. Climie, CEO

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in thousands of Canadian Dollars unless otherwise stated)

MINDORO RESOURCES LTD

	Note	Year Ended December 31 2013	2012
	19		Restated
Operating Expenses			
General and administration expenses		**(781)**	(1,541)
Salaries and other employee benefits	11	**(335)**	(806)
Stock based compensation	15,16	**6**	66
Depreciation and amortization	8	**(21)**	(136)
Operating loss		**(1,131)**	(2,417)
Finance income		**1**	31
Remeasurement of warrants liabilities	14	**598**	737
Impairment of investment held for distribution	6	**(8,157)**	-
Impairment of exploration and evaluation assets	7	**(9,979)**	(7,604)
Foreign exchange gain (loss)	6	**(1,290)**	539
Loss on disposal of property and equipment	8	**(8)**	-
Loss before income tax		**(19,966)**	(8,714)
Income tax benefit (expense)	17	**(5)**	(91)
LOSS FOR THE YEAR		**(19,971)**	(8,805)
Basic and diluted loss per share		**$ (0.067)**	$ (0.035)
Weighted average number of common shares outstanding (thousands)		**296,872**	252,151
Loss for the year		**(19,971)**	(8,805)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Actuarial gains and losses	11	**81**	(6)
Items that may be reclassified to profit and loss			
Remeasurement of financial assets available for sale	6	**(285)**	-
Exchange differences on translation of foreign operations		**(17)**	173
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(20,192)**	(8,638)

Consolidated Statement of Changes in Equity

(Expressed in thousands of Canadian Dollars unless otherwise stated)

MINDORO RESOURCES LTD

		Attributable to owners of the parent					
	Note	Share capital	Share obligation	Other reserves (note 13)	Accumulated losses	Non-controlling interests	Total equity
Balance as at January 1, 2013 (restated)	*19*	**52,864**	**-**	**11,251**	**(35,396)**	**7,765**	**36,484**
Impact of change in parent's functional currency	*2.4*	**(464)**		**458**	**6**	**-**	**-**
Loss for the period		-	-	-	(12,200)	-	(12,200)
Actuarial gains (losses)	*11*	-	-	81	-	-	81
Re-measurement of financial assets available for sale	*6*	-	-	(285)	-	-	(285)
Translation adjustments		-	-	(17)	-	-	(17)
Comprehensive income (loss) before loss of control of Red Mountain		**-**	**-**	**(221)**	**(12,200)**	**-**	**(12,421)**
Loss of control of Red Mountain	*6*	**-**	**-**	**165**	**(7,771)**	**(8,701)**	**(16,307)**
Comprehensive income (loss)		**-**	**-**	**(56)**	**(19,971)**	**(8,701)**	**(28,728)**
Common shares issued for:							
Private placement	*12*	3	1	-			4
Proceeds from Red Mountain share issuance	*6*	-	-	(165)	-	936	771
Transactions with owners		**3**	**1**	**(165)**	**-**	**936**	**775**
Balance as at December 31, 2013		**52,403**	**1**	**11,488**	**(55,361)**	**-**	**8,531**
Balance as at January 1, 2012 (restated)	*19*	**50,925**	**135**	**11,078**	**(26,591)**	**-**	**35,547**
Loss for the period		-	-	-	(8,805)	-	(8,805)
Actuarial gains (losses)	*11*	-	-	(6)	-	-	(6)
Translation adjustments		-	-	173	-	-	173
Comprehensive income (loss)		**-**	**-**	**167**	**(8,805)**	**-**	**(8,638)**
Common shares issued for:							
Private placement	*12*	1,939	(135)	-	-	-	1,804
Stock-based compensation	*15,16*	-	-	6	-	-	6
Non-controlling interests on acquisition of subsidiary	*6*	-	-	-	-	7,765	7,765
Transactions with owners		**1,939**	**(135)**	**6**	**-**	**7,765**	**9,575**
Balance as at December 31, 2012 (restated)	*19*	**52,864**	**-**	**11,251**	**(35,396)**	**7,765**	**36,484**

Consolidated Statement of Cash Flows

(Expressed in thousands of Canadian Dollars unless otherwise stated)

MINDORO RESOURCES LTD

	Note	Year Ended 2013	2012
Cash flows from operating activities	*19*		Restated
Loss for the period		**(19,971)**	(8,805)
Items not affecting cash			
Accrued interest expense	*10*	**27**	-
Retirement benefit expense	*11*	**37**	(184)
Stock based compensation	*15,16*	**(6)**	(66)
Depreciation and amortization	*8*	**21**	136
Remeasurement of warrants liability	*14*	**(598)**	(737)
Impairment of investment held for distribution	*6*	**8,157**	**-**
Impairment of exploration and evaluation assets	*7*	**9,979**	7,163
Unrealized exchange differences		**1,284**	(753)
Loss on disposal of property and equipment	*8*	**8**	-
Net change in non-cash working capital items		**195**	(348)
Net cash used in operating activities		**(867)**	(3,594)
Cash flows from investing activities			
Expenditure on exploration and evaluation assets	*7*	**(360)**	(1,927)
Cost recoveries from Joint Venture Partner	*7*	**181**	412
Proceeds from disposal of equipment	*8*	**6**	10
Purchases of equipment	*8*	**-**	(11)
Net cash used in investing activities		**(173)**	(1,516)
Cash flows from financing activities			
Issue of share capital, net of issuance costs	*10,12*	**3**	3,764
Deposits held for private placement	*10,12*	**1**	(135)
Cash received from borrowings	*10*	**615**	1,613
Loan repayments	*10*	**-**	(1,613)
Net cash generated from financing activities		**619**	3,629
Net increase (decrease) in cash and cash equivalents		**(421)**	(1,481)
Cash and cash equivalents at beginning of year		**619**	2,089
Exchange gains (losses) on cash and cash equivalents		**-**	11
Cash and cash equivalents at end of year		**198**	619

1. GENERAL INFORMATION AND GOING CONCERN

Mindoro Resources Ltd.'s (the "Company" or "Mindoro") principal activities are the acquisition, exploration and development of mineral properties in the Philippines.

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

The Company's registered office is located at 2200, 10235 101 Street NW, Edmonton, Alberta, Canada, T5J 3G1 and the Company's Australian branch office is located at Unit 4, 12 Pendlebury Road, Cardiff, NSW 2285, Australia.

These consolidated financial statements ("financial statements") are prepared using International Financial Reporting Standards ("IFRS") that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

The Company incurred a net loss of $19,971,000 (December 31, 2012 - $8,805,000) and operating cash outflows of $867,000 (December 31, 2012 – $3,594,000). At December 31, 2013, the Company has a net working capital deficit of $1,098,000 (December 31, 2012 - $895,000, excluding its investment held for distribution). In addition to its on-going working capital requirements, mining and exploration licences held by the Company have annual expenditure obligations to maintain their 'good standing' status. The majority of these expenditure obligations have been assumed by TVI Resource Development Phils., Inc. ("TVIRD").

The Company and TVIRD entered into joint venture agreements where TVIRD 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 sulfide project by meeting certain expenditure and earn-in objectives (note 7.1). These joint venture agreements require TVIRD to finance Mindoro's mineral property annual expenditure obligations and maintain the tenements in good standing. Refer to further details included in note 7. Although management considers it unlikely that TVIRD would withdraw from the joint ventures, in the event that TVIRD were to withdraw, the Company would be required to fund the project obligations itself, acquire a new funding joint venture partner, or withdraw from the projects. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles to a going concern.

In June 2013, the Company signed a secured promissory note (the "Note") under the terms of which TVI Pacific Inc ("TVIP") may, but is not obligated to, loan Mindoro up to $1.3 million (notes 10.1 and 20). In December 2013, the Company signed a bridging loan (the "Loan") with a group of shareholders who provided an additional $175,000 for use as general working capital. Subsequent to year end, in March 2014, the Company raised $879,000, net of broker fees, through the sale of 54% of its Red Mountain Mining Ltd. ("Red Mountain") shares. These undertakings are not sufficient in and of themselves to enable the Company to fund all aspects of its operations for the next 12 months, and, therefore, the ability of the Company to continue as a going concern is dependent on obtaining additional funding to finance ongoing operating activities.

Accordingly, management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going concern. Management believes that it will be able to secure the necessary financing through the issue of new equity or debt instruments or the sale of its remaining shares of Red Mountain (note 20). Nevertheless, there is no assurance that these initiatives will be successful and until the Company begins to receive positive cash flow from the TVIRD 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.

The board of directors believe that sufficient funds will be available for the Company to meet its obligations for the next twelve months and consider the Company to be a going concern, but recognize that it is dependent upon its ability to raise additional funds, repay existing borrowings, obtain the support of partners, sell investments, sell interests in or relinquish mining tenements held by the Company, and ultimately generate positive cash flows from operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues, expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations, as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described herein. The financial statements have been prepared under the historical cost convention, except as outlined in the Company's accounting policies that follow.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of 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 financial statements are described in note 4.

The policies applied in these financial statements are based on the IFRS issued, effective and outstanding as of the date the board of directors approved the statements.

(a) Changes in accounting policies and disclosures

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) *IAS 19 Employee Benefits*

The Company has adopted revised IAS 19, Employee Benefits ("IAS 19") on January 1, 2013 with retrospective application. The Company applied the amended policy to benefits on and after January 1, 2012, according to the transitional provisions of IAS 19. The Company was not required to adjust the carrying amount of liabilities for changes in employee benefit costs that were included in the carrying amount before the date of initial application.

Under IAS 19, the cost of retirement benefits for defined benefit plans includes net interest expense. This expense is calculated by applying the discount rate to the net defined benefit liability at the beginning of the annual period. It also takes into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Prior service costs will now be recognized immediately in earnings in the period of a plan amendment. Previously, the unvested portion of the prior service costs was amortized on a straight line basis over the period until the benefits were vested.

Retirement benefit costs for defined benefit plans were previously included in salaries and other employee benefits. With this change, service cost will continue to be recognized as an expense in salaries and other employee benefits.

The effects of this change in accounting policy on the Company's financial statements are summarized in note 19.

(ii) *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.

(iii) *IFRS 11 Joint Arrangements*

The Company adopted IFRS 11, Joint Arrangements ("IFRS 11") on January 1, 2013, with retrospective application. 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.

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 existed that resulted in joint control, including the Company's joint venture agreements with TVIRD, which are investments under the equity method.

(iv) *IFRS 12 Disclosure of Interests in Other Entities*

The Company adopted IFRS 12, Disclosure 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 adoption of IFRS 12 effective January 1, 2013, resulted in additional disclosures in the Company's financial statements for the year ended December 31, 2013.

(v) *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 a significant impact on the Company's financial statements for the year ended December 31, 2013, but requires 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.

(vi) *IFRS 7, Financial Instruments: Disclosures*

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") has been amended to require annual disclosure of information on rights to offset financial instruments and related arrangements. The Company adopted this amendment effective January 1, 2013. The amendments to IFRS 7 did not result in a significant impact on the Company's financial statements for the year ended December 31, 2013. The new disclosures provide information that is useful in evaluating the effect of netting arrangements on the Company's financial position. The new disclosures are required for all recognized financial instruments that are offset according to IAS 32, Financial Instruments: Presentation ("IAS 32"). They also apply to recognized financial instruments that are subject to an enforceable master netting arrangement, irrespective of whether the financial instruments are offset according to IAS 32.

(b) New standards and interpretations not yet adopted

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, in its two finalized phases, the classification and measurement of financial assets and financial liabilities and hedge accounting, replacing the parts currently found in IAS 39, Financial Instruments: Recognition and Measurement. In the third and final outstanding phase of this standard, the IASB will address impairment of financial assets. The Company will quantify the effect when the final standard, including all phases, is issued.

(ii) *IAS 36 Impairment of Assets*

IAS 36, Impairment of Assets, requires entities to disclose the recoverable amount of impaired cash generating units ("CGUs"). The amendment is required to be adopted for periods beginning January 1, 2014 and the Company is assessing the impact of this interpretation on its financial statements..

(iii) *IFRIC 21 Levies*

IFRIC 21, Levies, clarifies that an entity recognizes a liability for a levy when the activity that triggers payment occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the minimum threshold is reached. Retrospective application of this interpretation is effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Company is assessing the impact of this interpretation on its financial statements.

There are no other standards or interpretations issued that are not yet effective that the Company anticipates will have a material impact on its financial statements once adopted.

2.2 CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the dated that control ceases.

(a) Business combinations

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree assumed and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

All inter-company balances and transactions are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(b) Changes in ownership interests in subsidiaries without change of control

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Company ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 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 Company's Chief Executive Officer ("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 in accordance with IFRS.

2.4 FOREIGN CURRENCIES

The Company has presented these financial statements in Canadian Dollars ("CAD" or "$"). The functional currency of Mindoro Resources Ltd. is the Canadian Dollar ("CAD" or "C$"). The functional currency of MRL Nickel and the Company's inactive Philippine subsidiaries is the Philippine Peso ("PHP" or "Pp").

(a) Changes in functional currency

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency is conducted through an analysis of the factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates and may involve certain judgments to determine the primary economic environment (note 4). The Company reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment.

The functional currency of Mindoro, the parent company, changed on January 1, 2013 to the CAD from the Australian dollar ("AUD") following a series of corporate transactions resulting in the closure of the Company's Australian office and the return of the Company's management to Canada. In 2013, a majority of forecast expenditures were denominated in CAD and the Company experienced an increasing trend of cash inflows from financing activities denominated in CAD. The functional currency of Mindoro Resources Ltd. had previously been the AUD. On the date of change of functional currency all assets, liabilities, issued capital and other components of equity were translated into CAD at the exchange rate on that date. As a result, the translation reserve which had arisen up to the date of the change of functional currency were reallocated to other components within equity (table below). These changes in accounting treatment were applied prospectively. As a result of the change in functional currency the Company's functional and presentation currency are now the same. There was no change in the functional currency of the Company's subsidiaries during 2013.

The change in functional currency on January 1, 2013 has had the following impact on the Company's financial statements:

	Share capital	Employee benefit reserve	Warrants reserve	Currency reserve	Accumulated losses
Impact of change in parent's functional currency	(465)	(42)	(49)	550	6

(b) 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 balance sheet, and income and expenses – at the average rate of the reporting period (as this is considered a reasonable approximation to the actual rates). All resulting changes are recognized in other comprehensive income as currency reserves.

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

The Company considers its functional currency determination to be a key judgment in the application of its accounting policies (note 4).

(c) 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 entity's functional currency are recognized in the statement of loss and comprehensive loss.

2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at banks, and other short-term highly liquid investments with original maturities of less than 90 days.

2.6 TRADE RECEIVABLES

Trade receivables are amounts due from joint venture partners and suppliers for expenditures made by the Company on behalf of other parties, advances to employees, or input tax credits recoverable from government agencies in the ordinary course of business. If collection is expected within one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.7 EXPLORATION AND EVALUATION ASSETS

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

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

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

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

2.8 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 its 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.

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 an indication of impairment exists.

In 2012, the Company transferred property and equipment related to the Agata and Pan de Azucar joint ventures to the joint venture companies (note 19)

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Investments held for distribution, investments in associates, 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 inflows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs of disposal 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 of disposal 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 loss and comprehensive loss for the period in which the impairment arises.

The Company evaluates impairment losses for potential reversals where there are objective indicators that the circumstances that resulted in the impairment have reversed. Impairment reversals are recognized in the statement of loss and comprehensive loss for the period in which the reversal arises.

The Company considers the recoverability of exploration and evaluation assets to be a critical accounting estimate (note 4).

2.10 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.

If after assets and liabilities are classified as held for sale or distribution, the Company decides not to sell or distribute, the asset or liability is remeasured at the lower of:

i. carrying amount prior to classification as held for sale or distribution; and

ii. fair value on the date the Company decides not to sell or distribute;

Any gain or loss resulting from remeasurements is recognized in profit or loss.

2.11 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.

2.12 PROVISIONS

Provisions for legal claims and other obligations are recognized when the Company 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.

2.13 EMPLOYEE BENEFITS

(a) 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.

(b) Defined benefit retirement obligation

The Company's Philippine subsidiary has an unfunded, statutory, defined benefit retirement obligation pursuant to Philippines employment legislation covering the retirement, separation, death and disability benefits of all its eligible employees.

The liability recognized in the balance sheet in respect of defined benefit retirement obligations is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of Philippines government bonds that are denominated in PHP and have terms to maturity approximating to the terms of the related retirement obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in income.

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.

2.14 SHARE CAPITAL

Common 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.

2.15 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.

The Company issues shares pursuant to a share option plan (the " Share Option Plan"). Options issued under this 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.

2.16 WARRANTS

The fair value of warrants granted are estimated at the date of grant. For warrants classified as liabilities, the Company remeasures the fair value of its warrants at each reporting period through profit and loss (note 14). The Company accounted for warrants granted by fair valuing the warrants using the Black-Scholes valuation method.

The Company considers the fair value measurement of warrants classified as liabilities to be a critical accounting estimate (note 4).

2.17 INCOME TAXES

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

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

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.

2.18 LOSSES 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. Diluted loss per share does not adjust the weighted average number of common shares outstanding when the effect is anti-dilutive.

2.19 FINANCIAL INSTRUMENTS

(a) Financial assets

(i) *Classification*

The Company classifies its financial assets in the following categories: 'financial assets available for sale', and 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(ii) *Loans and receivables*

Cash and cash equivalents and trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

(iii) *Financial assets available for sale*

The Company recognizes the fair value of its investments in equity instruments that are not held for trading purposes in other comprehensive loss. These instruments are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in other comprehensive income and presented within equity in the fair value reserve.

The Company's classification of its investment in Red Mountain equity securities as financial assets available for sale, rather than a significant influence investment in associate, is considered to be a key judgment in the application of its accounting policies (note 4).

(iv) *Recognition and de-recognition*

Regular purchases and sales of financial assets are recognized on trade date being the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(v) *Impairment*

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

If there is evidence of impairment for any of the Company's financial assets carried at amortized cost, the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate.

(b) Financial liabilities

(i) *Classification*

The Company classifies its financial liabilities in the following categories: 'other liabilities', and 'financial liabilities at fair value through profit or loss'.

(ii) *Other liabilities*

Trade and other payables and borrowings are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. The Company's borrowings are presented net of their respective transaction costs.

(iii) *Financial liabilities at fair value through profit or loss*

The Company initially recognizes its warrants classified as liabilities at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in profit and loss.

(iv) *De-recognition*

Financial liabilities are derecognized when the obligation is discharged, cancelled, or expired.

(c) Fair value measurements

The Company must disclose financial instruments carried at fair value, based on inputs used to value the Company's instruments. 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
- 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 instrument's assigned level.

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings approximate their fair values. The Company's financial assets available for sale, investment held for distribution and warrant liabilities are measured at fair value on a recurring basis. Financial assets available for sale and the investment held for distribution are classified in Level 1 of the fair value hierarchy and are measured according to published share price information. The Company's warrant liabilities are classified in Level 2 of the fair value hierarchy and are measured using the Black-Scholes valuation method.

3. FINANCIAL RISK MANAGEMENT

3.1 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.

Proceeds raised from financing activities, sale of financial assets and the Company's joint venture agreements are used to meet these requirements, as well as to service short and long-term borrowings.

The board of directors does not establish quantitative return on capital criteria for management. The Company does not currently pay dividends.

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

3.2 FOREIGN EXCHANGE RISK

Business is transacted by the Company in three currencies: PHP, AUD and CAD. 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.

The Company was exposed to foreign exchange risk through the monetary assets and liabilities in the table below at December 31, 2013 and 2012. The Company has not hedged its exposure to currency fluctuations; however, foreign exchange risk is managed by holding cash and cash equivalents in different currencies in line with the anticipated expenditure requirements of the Company.

	December 31, 2013		December 31, 2012	
	PHP 000	AUD 000	PHP 000	AUD 000
Cash and cash equivalents	2,129	4	8,205	82
Trade and other receivables	2,234	10	8,201	52
Financial assets available for sale	-	300	-	-
Trade and other payables	(21,240)	(34)	(23,360)	(122)
Net foreign currency exposure	**(16,877)**	**280**	(6,954)	12
Exchange rate	0.02395	0.94960	0.02426	1.03390
Foreign currency exposure ($000)	**(404)**	**266**	(169)	12

Based on net exposures at December 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 $40,000 (December 31, 2012 - $17,000). A 10% fluctuation in the exchange rate between the Canadian dollar and Australian dollar would affect the Company's profit or loss for the year by $27,000 (December 31, 2012 - $1,000).

3.3 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 major financial institutions in Canada, Australia, and the Philippines. A significant portion of the Company's accounts receivable is due from TVIRD and from government agencies in Canada, Australia, and the Philippines. The resulting credit risk exposure is deemed immaterial by management of the Company.

3.4 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.

Trade and other payables are due within twelve months of the balance sheet date.

For the year ended December 31, 2013, the Company has the following loans repayable at fixed rates of interest and maturity dates on an undiscounted basis:

	Principal Outstanding $000	Interest accrued $000	Interest rate %	Maturity
Current note payable	358	23	15	June 2013*
Non-current loan	175	2	15	December 2015

* As described in note 20, Prime Resource Holdings Inc.'s ("PRHI") acquisition of 25.42% of the voting shares of Mindoro is an event of default under the terms of this agreement. As a result TVIP has the right, but not the obligation, to demand repayment within five business days at any time prior to the due date. At this time, TVIP has not demanded repayment of the note.

Currently, the Company does not generate cash flow from operations. The Company's consolidated financial statements are presented on a going-concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations (Note 1).

3.5 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 $198,000 in cash and cash equivalents at December 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. The resulting interest rate risk is not considered to be material to the Company.

At December 31, 2013, the Company had borrowings totalling $642,000 (December 31, 2012 - $Nil) on which it accrues interest expense at various fixed rates of interest.

Warrants that are classified as liabilities are financial liabilities but are not subject to interest rate risk.

	December 31, 2013		December 31, 2012	
	$000	Weighted average effective interest rate	$000	Weighted average effective interest rate
Financal assets				
Cash and cash equivalents	198	0.32%	619	2.36%
Trade and other receivables	69	0.00%	257	0.00%
	267		876	
Financial Liabilities				
Trade and other payables	(719)	0.00%	(728)	0.00%
Notes and loans payable (15%)	(547)	15.00%	-	n/a
Notes payable (8%)	(61)	8.00%	-	n/a
Notes payable (0%)	-	0.00%	-	n/a
	(1,327)		(728)	
Net Exposure	(1,060)		148	

At December 31, 2013 if interest rates paid on cash and cash equivalents had increased/decreased by 100 basis points from the period end rates with all other variables held constant, loss for the period would have been $3,000 (2012: $13,000) higher/lower, as a result of higher/lower interest income from cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

4.1 CRITICAL ACCOUNTING ESTIMATE AND ASSUMPTIONS

(a) Warrants classified as liabilities

The fair value of warrants classified as liabilities are based on several assumptions, including the risk-free interest rate, forfeiture rate, and the expected volatility of the Company's share price, which may not be indicative of future volatility. Accordingly, those amounts are subject to measurement uncertainty.

4.2 CRITICAL ACCOUNTING JUDGMENTS APPLIED IN THE COMPANY'S ACCOUNTING POLICIES

(a) Going concern

Due to the financial condition of the Company at December 31, 2013 and the contractual commitments that are outstanding, judgment has been exercised in applying the assumption that the Company will continue as a going concern for the foreseeable future. Refer to note 1 of the financial statements for further disclosure.

(b) 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.

(c) Functional currency determination

The determination of functional currency is based on the primary economic environment in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Factors that the Company considers when determining its functional currency, and the functional currency of its subsidiaries, include: (i) the currency that the delivery of goods or services are contracted in, (ii) the currency used to conduct business in the region, (iii) the currency that mainly influences labour, material and other costs of providing goods or services, and (iv) the currency in which receipts from operating activities are usually retained in. When the indicators are mixed and the functional currency of an entity is not obvious, management uses its judgment to determine the functional currency that most appropriately represents the economic effects of the underlying transactions, events and conditions. Judgment was applied in determining the functional currency of Mindoro, the parent company, to be Canadian dollars.

(d) Classification of equity investments

During 2013, upon the loss of control of the Company's interest in its subsidiary, Red Mountain, which was previously classified as a held for distribution investment, the Company determined that its remaining equity interest in the shares of Red Mountain should be classified as a financial asset available for sale, rather than a significant influence investment in associate. Judgment was applied in determining the Company's classification of its remaining investment in Red Mountain as a financial asset available for sale.

5. RESTRICTED CASH

Cash and cash equivalents at December 31, 2013 includes $Nil (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.

6. INVESTMENT IN RED MOUNTAIN

On October 30, 2012, the Company acquired 100 million shares of Red Mountain, representing a 55.8% interest in Red Mountain at the time of the acquisition, through the sale of its Batangas and Tapian San Francisco Gold Projects. Under the sale agreement, Mindoro was required to distribute to its shareholders at least a majority of the Red Mountain shares following a twelve-month escrow period that was imposed by the Australian Securities Exchange ("ASX") as a condition of their approval for the transaction.

Under the agreement, Mindoro was required to pay $30,000 for costs associated with Red Mountain's requirements to file a prospectus if required pursuant to a distribution of the Red Mountain shares to Mindoro's shareholders. Additionally, Mindoro expected that it would incur other distribution costs estimated at $20,000 to complete the distribution. These distribution costs were recorded to the impairment of exploration and evaluation assets because the Red Mountain shares were held for distribution at acquisition.

During the year ended December 31, 2013, the Company recorded the following transactions for its investment in Red Mountain:

	Note	Financial Asset $000	Investment $000	NCI $000	Transactions with NCI $000	Impairment gain (loss) $000	Foreign exchange gain (loss) $000
December 31, 2012		**-**	**17,537**	**7,765**	**-**	**-**	**-**
Proceeds of Red Mountain private placement	(a)	-	1,101	936	165	-	-
De-consolidation on loss of control of Red Mountain	(b)	-	(16,638)	(8,701)	(165)	(6,754)	(1,018)
Remeasurement upon decision not to distribute Red Mountain shares	(c)	593	(2,000)	-	-	(1,403)	(4)
Remeasurement after decision not to distribute Red Mountain shares	(d)	(23)	-	-	-	-	(23)
Impact on loss for the period						**(8,157)**	**(1,045)**
Remeasurement after decision not to distribute Red Mountain shares	(d)	(285)	-	-	-	(285)	-
Impact on other comprehensive loss						**(285)**	**-**
December 31, 2013		**285**	**-**	**-**	**-**	**(8,442)**	**(1,045)**

(a) In January 2013, pursuant to a private placement Red Mountain issued 8,512,000 fully paid ordinary shares for $0.129 (A$0.125) per share;

(b) On June 25, 2013, pursuant to a rights offering, Red Mountain issued 55 million fully paid ordinary shares for $0.010 (A$0.01) per share reducing the Company's ownership interest in Red Mountain to 41% and resulting in a loss of control of Red Mountain. Therefore, the Company de-consolidated its interest in Red Mountain and recorded an impairment to reduce the carrying value of the investment to its fair value. The Company estimated the fair value of its investment in Red Mountain at June 25, 2013 to be $2,000,000 (A$2,058,000) or $0.020 (A$0.021) per share and recorded an impairment loss of $6,754,000 as well as a foreign exchange loss of $1,018,000 as a result of depreciation of the Australian dollar to 0.9721 CAD per AUD from 1.0363 CAD per AUD at acquisition;

(c) October 15, 2013, the Company and Red Mountain agreed to remove the provision in the sale agreement that required Mindoro to distribute a majority of the Red Mountain shares to its shareholders after October 30, 2013. Under the terms of this amendment, Mindoro has agreed to hold the Red Mountain shares until the earlier of April 30, 2014 and the time when Mindoro meets certain regulatory requirements related to the transfer of the Batangas tenements. Subsequent to year end, on February 19, 2014, the Company announced that the regulatory requirements had been met and the Red Mountain shares would be released from voluntary escrow on March 4, 2014 (Note 20).

As a result of this change in plan, the Company re-measured the Red Mountain shares at their fair value, recorded an impairment loss of $1,403,000 and an foreign exchange loss of $4,000, and reclassified the Red Mountain shares as a financial assets available for sale; and

(d) Subsequent to its classification as a financial asset available for sale, Red Mountain's share price declined to $0.003 (A$0.003), resulting in a $285,000 loss and $23,000 foreign exchange loss during the year ended December 31, 2013.

The non-controlling interests in Red Mountain at December 31, 2012 represented the 44% of Red Mountain shares that were not owned by the Company.

Subsequent to December 31, 2013, the Company has sold 51.8 million Red Mountain shares for net proceeds of $879,000 (Note 20).

7. EXPLORATION AND EVALUATION ASSETS

	Agata	Surigao Regional	Tapian San Francisco	Pan de Azucar	Batangas	Total
	$000	$000	$000	$000	$000	**$000**
December 31, 2011	**14,621**	**1,971**	**2,768**	**1,451**	**13,352**	**34,163**
Exploration	955	196	41	144	843	**2,179**
Joint venture recoveries	(260)	-	-	(152)	-	**(412)**
Royalty deposits	4	3	-	-	-	**7**
Disposals	-	-	(1,652)	-	(8,493)	**(10,145)**
Impairment	-	-	(1,280)	-	(6,324)	**(7,604)**
Currency translation	679	94	123	61	622	**1,579**
December 31, 2012	**15,999**	**2,264**	**-**	**1,504**	**-**	**19,767**
Acquisition	85	-	125	-	-	**210**
Exploration	141	3	-	6	-	**150**
Joint venture recoveries	(165)	-	-	(16)	-	**(181)**
Impairment	(7,741)	(2,238)	-	-	-	**(9,979)**
Currency translation	(206)	(29)	(2)	(20)	-	**(257)**
December 31, 2013	**8,113**	**-**	**123**	**1,474**	**-**	**9,710**

(Expressed in Canadian Dollars unless otherwise noted)

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

Region	***Project(s)***	***Interest Earned***	***Terms for Further Earn-In And Potential Future Commitments***
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	Tapian San Francisco	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 PHP) 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 PHP) within one year. (iii) Mat I is included in option agreements for the Surigao properties and the Company can earn up to 100%.
Surigao	Apical	15%	Apical is an exploration permit application which Mindoro has an interest in by way of an incorporated joint venture with Medusa Mining and Minimax Mining Corp, which Mindoro is free-carried to production on narrow vein exploration targets or to the completion of a bankable feasibility study on large volume exploration targets.
Panay	Pan de Azucar	75%*	The Company has no outstanding commitments on Pan de Azucar.

* Where applicable, subject to the terms of the Joint Venture agreements described in note 7.1 below.

** Mindoro is renegotiating the 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 proposed terms of the renegotiated option are that Mindoro will pay an upfront option payment of US$200,000. The Company will also pay US$1 million annually for four years commencing the first anniversary of production from the Agata DSO project provided that

Mindoro receives at least US$1 million annually from DSO operations net of all other costs. In the event that the total US$4 million is not paid in full from DSO operations, any shortfall will be paid from processing cash flows at a future date. The partner will also receive a 0.5% net smelter royalty for the life of the processing operation, levied on 100% of production and paid from Mindoro's 40% share of processing cash flow. The renegotiated terms remain subject to payment of the US$200,000, of which the Company has advanced US$80,000, as well as board and any requisite regulatory approvals.

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 exploration and evaluation assets. In 2013, royalty payments amounted to $Nil (2012 - $7,000).

Management of the Company reviews exploration costs to ensure deferred expenditures included only costs and projects that are eligible for capitalization.

7.1 TVIRD JOINT VENTURES

On September 25, 2012, the Company and TVIRD 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. These agreements were subsequently amended in June 2013. Details of the amended joint ventures are as follows:

<u>Agata Mining Joint Venture ("AMJV"):</u> TVIRD 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 Tapian San Francisco Tenenments aka. "TSF tenements"). As at December 31, 2013, TVIRD has met its expenditure commitments on the AMJV, however it has yet to reach commercial production on the project. As TVIRD makes expenditures in the AMJV, it receives shares of the joint venture company which are placed in escrow until such time as it fully meets its earn in commitments. TVIRD will retain no interest in the AMJV if it withdraws prior to commencing a mining operation.

<u>Agata Processing Joint Venture (APJV):</u> TVIRD 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. As at December 31, 2013, TVIRD has met its expenditure commitments on the AMJV, however it has yet to complete a DFS on the project. As TVIRD makes expenditures in the AMJV, it receives shares of the joint venture company which are placed in escrow until such time as it fully meets its earn in commitments. TVIRD will retain no interest in the APJV if it withdraws prior to completing the DFS. Mindoro is required to transfer its rights, titles, and obligations related to the tenemets to the joint venture company. However, as at December 31, 2013, these transfers remain incomplete and subject to approval of the Philippines Mines and Geosciences Bureau ("MGB").

<u>Pan de Azucar Mining Joint Venture ("PMJV"):</u> TVIRD has the exclusive right and option to earn 60% of the mining project by sole funding a mining project into commercial production within three years of receiving the declaration of mining project feasibility from the MGB on the Pan de Azucar MPSA. To exercise the option, TVI must maintain the tenements in good standing, spend a minimum of $500,000 prior to December 31, 2014, and spend at least $2 million within one year of receiving the declaration of mining project feasibility. TVI will retain no interest in the PMJV if it withdraws prior to commencing a Mining operation.

<u>Pan de Azucar Processing Joint Venture ("PPJV"):</u> TVIRD has the exclusive right and option to earn 51% of the PPJV 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 MGB. In addition, TVIRD 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%. TVIRD must spend a minimum of $500,000 before withdrawing from the project. Mindoro is required to transfer its rights and obligations related to Pan de Azucar MPSA to the joint venture company. However, as at December 31, 2013, these transfers remain incomplete and subject to approval of the MGB.

7.2 IMPAIRMENT

In 2013, Mindoro has recorded an impairment of the Agata and Surigao Regional projects exploration and evaluation assets of $9,979,000. The Company has calculated the recoverable value of these projects based on the estimated costs that TVIRD will need to incur in order to earn its 60% interests in the AMJV and APJV, which implies a fair value of Mindoro's interest in the projects. The Company anticipates that final approval to transfer the Company's rights, obligations, and titles related to the Agata and Surigao regional tenements will be granted by the MGB in 2014 and at that time, the Company will record its carrying value of these projects as investments in the joint venture companies rather than exploration and evaluation assets.

8. PROPERTY AND EQUIPMENT

	Office equipment & furnishings $000	Computer software & hardware $000	Vehicles $000	Field equipment $000	Building & leasehold improvements $000	Total $000
Cost						
December 31, 2011	109	245	197	116	351	**1,018**
Additions	-	9	-	-	2	**11**
Disposals	(2)	(6)	(7)	-	-	**(15)**
Reclassified*	(7)	(21)	(74)	(65)	(146)	**(313)**
Translation adjustment	5	12	9	4	16	**46**
December 31, 2012	105	239	125	55	223	**747**
Disposals	(22)	(20)	(33)	-	(223)	**(298)**
Translation adjustment	(1)	(3)	(2)	(1)	-	**(7)**
December 31, 2013	**82**	**216**	**90**	**54**	**-**	**442**
Accumulated depreciation						
December 31, 2011	78	213	120	72	118	**601**
Depreciation	14	19	44	21	112	**210**
Disposals	(1)	(2)	(2)	-	-	**(5)**
Reclassified*	(6)	(7)	(48)	(39)	(14)	**(114)**
Translation adjustment	3	5	3	1	5	**17**
December 31, 2012	88	228	117	55	221	**709**
Depreciation	6	6	8	-	1	**21**
Disposals	(12)	(17)	(33)	-	(222)	**(284)**
Translation adjustment	(2)	(3)	(2)	(1)	-	**(8)**
December 31, 2013	**80**	**214**	**90**	**54**	**-**	**438**
Net book value at:						
December 31, 2011	31	32	77	44	233	**417**
December 31, 2012	17	11	8	-	2	**38**
December 31, 2013	**2**	**2**	**-**	**-**	**-**	**4**

* Property and equipment with a net book value of $199,000 was reclassified as investments in associates in 2012 (restated). The Company transferred this property and equipment to the joint venture companies as part of its obligations under the terms of the APJV and PPJV provided TVIRD and the joint venture vehicles with the exclusive use of these assets for the exploration and development of the Company's Agata and PDA projects.

In 2013, no depreciation was capitalized to exploration and evaluation assets (2012 - $18,000).

9. INVESTMENT IN ASSOCIATES

As discussed in notes 8 and 19, property and equipment with a net book value of $199,000 was reclassified as investments in associates in 2012. The Company transferred this property and equipment to the joint venture companies as part of its obligations under the terms of the APJV and PPJV, which provide TVIRD and the joint venture vehicles with the exclusive use of these assets for the exploration and development of the Agata and PDA projects.

The Company has determined that upon entering into the TVIRD joint ventures in 2012, several items of property and equipment owned by its subsidiary no longer met the definition of property and equipment because the Company had provided the joint venture with exclusive access and usage to explore and evaluate the Agata and PDA projects.

10. BORROWINGS

10.1 SHORT TERM NOTES AND OTHER LOANS

	TVI Pacific Inc	Directors fees	Management fees	Total
	$000	$000	$000	**$000**
Note	*(a)*	*(b)*	*(c)*	
December 31, 2012	-	-	-	-
Principal drawn	358	59	32	**449**
Interest accrued	23	2	-	**25**
December 31, 2013	**381**	**61**	**32**	**474**

(a) The Company and TVIP have signed a secured promissory note whereby TVIP may, but is not obligated to, lend the Company up to $1.3 million in a series of drawdowns. The note will be payable 12 months from the first draw down, or June 24, 2014, and will pay interest equal to the greater of 15% and TVIP's cost of capital raised for this purpose. The note is secured by Mindoro's interest in its wholly owned subsidiary, MRL Nickel Philippines Inc. As described in note 20, Prime Resource Holdings Inc.'s ("PRHI") acquisition of 25.42% of the voting shares of Mindoro is an event of default under the terms of this agreement. As a result TVIP has the right, but not the obligation, to demand repayment within five business days at any time prior to the due date. At this time, TVIP has not demanded repayment of the note.

(b) Since the fourth quarter of 2011, the payment of non-executive directors' fees ("Directors Fees") for board and committee work have been suspended until the financial condition of the Company improves. In 2013, the Board approved the re-instatement of Directors Fees on the condition that they should be accrued along with interest of 8% per annum until such time that the financial condition of the Company is improved.

(c) In June 2013, the Company has entered into a management consulting agreement with an executive director of the Company whereby the director shall earn $6,500 per month for their services, but that

$4,000 per month shall be deferred without interest until such time that the financial condition of the Company is improved.

10.2 LONG TERM LOANS

In December 2013, the Company closed a private placement of loans aggregating $175,000 maturing in December 2015 and bearing interest at a rate of 15% per annum to be paid quarterly commencing March 31, 2014. The Company also issued an aggregate 600,000 common shares to the lenders for entering into the loan agreements. The Company has allocated $9,000 of the loan proceeds as share capital. As at December 31, 2013 the Company has accrued $2,000 in interest on the loans.

One director of the Company has participated in the loan financing for $25,000. The Company has also reserved 100,000 common shares for issue to the director as a bonus for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company.The Company has not yet obtained shareholder approval.

11. DEFINED BENEFIT RETIREMENT OBLIGATION

Pursuant to Philippines employment legislation, the Company's Philippines subsidiary must pay a one-time lump sum payment upon normal retirement to each employee who attains age 60 and who has provided at least five years continuous service. The retirement payment is equal to one half month's salary for every year of continuous service since the date of hire based on their final monthly salary. Since this retirement obligation is unfunded, the Company meets the obligation as it falls due.

The amounts recognized in the balance sheet are determined as follows:

	As at December 31		
	2013	2012	2011
	$000	$000	$000
Defined benefit obligation	**116**	162	347
Fair value of plan assets	**-**	-	-
Funded status	**116**	162	347
Net liability	**116**	**162**	**347**

The movements in the defined benefit obligation are as follows:

	2013 $000	2012 $000
Defined benefit obligation at end of prior year	**162**	348
Service costs		
Current service cost	**28**	78
Past service cost	**-**	(305)
Interest expense	**9**	23
Defined benefit expense included in profit and loss	**37**	(204)
Remeasurements		
Effect of changes in financial assumptions	**(86)**	15
Effect of experience adjustments	**5**	(9)
Remeasurements included in other comprehensive income	**(81)**	6
Translation adjustments	**(2)**	12
Defined benefit obligation at end of year	**116**	162

The significant weighted average actuarial assumptions were as follows:

	2013	2012
Discount rate	**3.50%**	5.75%
Salary growth rate	**4.00%**	12.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**decrease in assumption**
Discount rate	1.0%	-7.3%	8.6%
Salary growth rate	1.0%	8.5%	-7.3%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognized within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period. Refer to Note 19 for disclosure of the change in accounting policy pertaining to the Company's defined benefit retirement obligation.

12. SHARE CAPITAL

	Number of shares	Share capital $000
At January 1, 2012	239,073,360	50,925
Private placement	57,764,039	1,939
At December 31, 2012	296,837,399	52,864
Impact of change in parent's functional currency	-	(464)
Private placement	600,000	3
At December 31, 2013	**297,437,399**	**52,403**

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.

(a) In December 2013, pursuant to a private placement of loans, the Company issued 600,000 common shares to lenders for entering into the loan agreements. The Company has allocated $3,000 of the loan proceeds as share capital, net of share issuance costs of $6,000. The Company has also reserved 100,000 common shares for issue to one director for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company.

(b) 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.

(c) 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.

(d) 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.

(e) 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 January 1, 2012, which was recorded as share obligations on the January 1, 2012 statement of balance sheet.

13. OTHER RESERVES

	Note	Employee benefit reserve $000	Warrants reserve $000	Currency reserve $000	Other comprehensive income $000	Transactions with NCI $000	Other reserves $000
At January 1, 2012 (restated)	*19*	**5,156**	**5,961**	**151**	**(190)**	**-**	**11,078**
Actuarial gains (losses)	*11*	-	-	-	(6)	-	**(6)**
Translation adjustments		-	-	173	-	-	**173**
Stock-based compensation	*15,16*	6	-	-	-	-	**6**
At December 31, 2012 (restated)	*19*	**5,162**	**5,961**	**324**	**(196)**	**-**	**11,251**
Impact of change in parent's functional currency	*2.4*	(42)	(49)	550	-	-	**459**
Actuarial gains (losses)	*11*	-	-	-	81	-	**81**
Re-measurement of financial assets available for sale	*6*	-	-	-	(285)	-	**(285)**
Translation adjustments	*19*	-	-	(18)	-	-	**(18)**
Proceeds from subsidiary share issuance	*6*	-	-	-	-	165	**165**
Loss of control of Red Mountain	*6*	-	-	-	-	(165)	**(165)**
At December 31, 2013		**5,120**	**5,912**	**856**	**(400)**	**-**	**11,488**

14. WARRANTS

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

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

The grant date fair values of common share purchase warrants are classified as either equity or liability and are recorded as an increase to warrants reserve or warrants liability respectively and a decrease to share capital as an issue cost of each private placement. There were no warrants issued in 2013. Warrants issued in 2012 had a fair value of $1,825,000 on their grant date and were classified as financial liabilities since their exercise price was denominated in a currency other than the Company's functional currency at the time of initial recognition. All warrants issued before 2012 have been classified as equity. See note 19 for more information.

(Expressed in Canadian Dollars unless otherwise noted)

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:

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

The fair value of warrants classified as liabilities outstanding on the balance sheet date was $490,000 or $0.011 per warrant (2012 – $1,088,000 or $0.025 per warrant). A remeasurement gain of $598,000 (2012 - $737,000) has been recognised in the statement of loss and comprehensive loss for the period. The fair value was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	December 31, 2013	December 31, 2012
Risk Free Interest Rate	1.51%	1.25%
Expected Life	3.76 years	4.76 years
Expected Volatility	126%	125%
Expected Dividend	-	-
Expected Forfeitures	-	-

15. EQUITY SETTLED OPTIONS

Expiry date	Exercise price $	**December 31, 2012**	Vested	Granted	Exercised	Expired	**December 31, 2013**
Jul 03, 2013	0.290	**1,930,000**	-	-	-	(1,930,000)	**-**
Jul 28, 2013	0.208	**3,800,000**	-	-	-	(3,800,000)	**-**
Sep 22, 2013	0.310	**700,000**	-	-	-	(700,000)	**-**
Oct 04, 2013	0.300	**500,000**	-	-	-	(500,000)	**-**
Oct 30, 2013	0.130	**50,000**	-	-	-	(50,000)	**-**
Dec 26, 2013	0.290	**100,000**	-	-	-	(100,000)	**-**
Jan 13, 2014	0.180	**100,000**	-	-	-	(100,000)	**-**
Feb 11, 2014	0.360	**550,000**	-	-	-	-	**550,000**
Apr 20, 2014	0.260	**300,000**	-	-	-	-	**300,000**
Aug 04, 2014	0.130	**2,165,000**	-	-	-	(630,000)	**1,535,000**
Aug 18, 2014	0.250	**500,000**	-	-	-	(50,000)	**450,000**
Jan 12, 2015	0.125	**200,000**	-	-	-	-	**200,000**
Mar 15, 2015	0.190	**1,450,000**	-	-	-	-	**1,450,000**
Jul 04, 2015	0.100	**250,000**	-	-	-	-	**250,000**
Options outstanding and exercisable		**12,595,000**	-	-	-	(7,860,000)	**4,735,000**
Weighted average exercise price ($)		**0.221**	**-**	**-**	**-**	**0.237**	**0.193**

(Expressed in Canadian Dollars unless otherwise noted)

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 shall not exceed 8% 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 shall not exceed ten years from the date of grant. The exercise price of each equity settled option shall not be less than the price permitted by any stock exchange on which the common shares are then listed.

No equity settled options were issued in 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	-

16. CASH SETTLED OPTIONS

Expiry date	Exercise price $	**December 31, 2012**	Vested	Granted	Exercised	Expired	**December 31, 2013**
Aug 18, 2014	0.250	**1,200,000**	-	-	-	(300,000)	**900,000**
Options outstanding and exercisable		**1,200,000**	-	-	-	(300,000)	**900,000**
Weighted average exercise price ($)		**0.250**	**-**	**-**	**-**	**0.250**	**0.250**

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 2013 or in 2012.

The fair value of outstanding cash settled options outstanding on the balance sheet date was $0.001 per option (2012 – $0.005). The fair value was estimated using the Black-Scholes option-pricing model based on the following assumptions:

	December 31, 2013	December 31, 2012
Risk Free Interest Rate	1.07%	1.10%
Expected Life	0.63 years	1.63 years
Expected Volatility	170%	113%
Expected Dividend	-	-
Expected Forfeitures	-	-

17. INCOME TAX

	2013 $000	2012 $000
Current tax expense (benefit)	**5**	91
Deferrred tax expense (benefit)	**-**	-
Income tax expense (benefit)	**5**	**91**

Income tax expense (recovery) differs from that which would be expected from applying the Canadian statutory income tax rates of 25% (2012 – 25%) to the loss as follows:

	2013 $000	2012 $000 Restated
Loss before tax per consolidated financial statements	**(19,966)**	(8,714)
Expected income tax recovery	**(4,992)**	(2,179)
Foreign tax rate differential	**(165)**	115
Stock based compensation	**(2)**	(16)
Unrealized gain on warrants liability	**(149)**	(184)
Expiration of non-capital losses carried forward	**116**	157
Change in valuation allowance	**5,138**	2,389
Other non-deductible items	**59**	(191)
Tax charge	**5**	91

	As at December 31	
	2013 $000	2012 $000 Restated
Assets carried below their tax value on the balance sheet	**1,797**	394
Retirement benefit	**35**	49
Share issue costs	**90**	181
Losses available for tax deductions in future periods	**1,434**	4,119
Deferred tax assets (unrecognized)	**3,356**	4,743

The Company has not recognized the benefit of deferred tax assets at December 31, 2013 or at December 31, 2012 because there is material uncertainty as to whether the Company can realize the related tax benefits through future taxable profits. At December 31, 2013, the Company has non-capital tax losses of $17,290,000 (2012 – $14,955,000) available to reduce Canadian taxable income in future years that expire at various dates until 2033. The Company has other deductible tax pools of approximately $8,829,000 (2012 - $8,829000) for Canadian income tax purposes that are available to reduce the taxable income of future years. The Company's subsidiaries in the Philippines have losses for income tax purposes of $9,897,000 (2012 - $16,322,000) which may be carried forward for three years from occurrence.

(Expressed in Canadian Dollars unless otherwise noted)

18. RELATED PARTY TRANSACTIONS

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

	Country of Incorporation	Classification	% Ownership at December 31 2013	2012
MRL Nickel Philippines Inc	Philippines	Active subsidiary	**100%**	100%
El Paso Corp	Philippines	Inactive subsidiary	**100%**	100%
Talahib Corp	Philippines	Inactive subsidiary	**100%**	100%
Batangas Metals and Mining Corp	Philippines	Inactive subsidiary	**100%**	100%
Red Mountain Mining Ltd	Australia	Financial Asset	**21%**	56%
Agata Mining Ventures Inc	Philippines	Investment in associate	**17%**	40%
Agata Processing Inc	Philippines	Investment in associate	**22%**	40%
Pan de Azucar Mining Ventures Inc	Philippines	Investment in associate	**40%**	40%
Pan de Azucar Processing Inc	Philippines	Investment in associate	**40%**	40%
Apmedoro Mining Corp	Philippines	Investment in associate	**15%**	15%

Signnificant judgement has been applied to the accounting treatment of the classification of the Company's equity interest in Red Mountain (note 4). Subsequent to December 31, 2013, the Company has reduced its interest in Red Mountain to 6.5% through the sale of 51.8 milliion Red Mountain shares (note 20), the return of 4 million Red Mountain shares in exchange for the return of the Tapian San Francisco projects, and Red Mountain's issuance of new ordinary shares.

MRL Nickel owns equity interests in four joint venture companies related to the TVIRD joint ventures, and one joint company related to a Medusa which have been accounted for using the equity method.

TVIP has a 14% interest in Mindoro. In 2013, the Company recorded recoveries from the joint ventures with TVIRD, the Philippines Affiliate TVIP of $181,000. As described in note 10.1(a), the Company has a note payable to TVI for $381,000 borrowed on which it accues 15% interest per annum. At December 31, 2013 the balance of the note payable includes $23,000 of accrued interest expense in relation to this note payable.

The Company has recorded debts payable to current and former non-executive directors totalling $61,000 on which it pays 8% interest per annum (note 10.1). The balance at December 31, 2013 includes $2,000 of accured interest.

The Company has recorded a note payable to an executive director totalling $32,000 which does not accrue interest (note 10.1).

In December 2013, a director of the Company participated in a private placement of loans for $25,000. The loan is due in December 2015 and pays interest at a rate equal to 15% per annum on a quarterly basis commencing March 31, 2014. The Company has reserved 100,000 common shares for issue to the director for entering into the loan agreement and recorded a share obligation of $1,000 on the balance sheet. Pursuant to ASX listing rules, the Company must obtain shareholder approval prior to the issue of securities to a director of the Company (Note 10.2).

The following remuneration has been paid or is payable to directors and officers of the Company. Movements in stock based compensation relate to the remeasurements of the Company's cash settled options.

	As at December 31	
	2013	2012
	$000	$000
Salaries and directors fees	**405**	637
Stock based compensation	**(5)**	(66)
Key management compensation	**400**	571

19. RESTATEMENTS

19.1 IAS 19R – EMPLOYEE BENEFITS

The Company has adopted revised IAS 19, Employee Benefits ("IAS 19R") on January 1, 2013 with retrospective application. The impact on the financial statements is as follows: to immediately recognise all past service costs, and to replace interest costs and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit retirement obligation.

The following table shows the impact on the consolidated balance sheet as a result of adopting IAS 19R.

	As at December 31, 2012			**As at January 1, 2012**		
	Previously reported $000	**Changes $000**	**Restated $000**	**Previously reported $000**	**Changes $000**	**Restated $000**
Defined benefit retirement obligation	95	67	162	155	193	348
Other comprehensive income	-	(196)	(196)	-	(190)	(190)
Translation reserve	12,473	(9)	12,464	154	(3)	151
Deficit	(36,303)	138	(36,165)			-
Impact on balance sheet	**(23,735)**	**-**	**(23,735)**	**309**	**-**	**309**

The following table shows the impact on the statement of loss and comprehensive loss as a result of adopting IAS 19R.

	2012		
	Previously reported $000	**Changes $000**	**Restated $000**
Salaries and other empoyee benefits	(944)	138	(806)
Actuarial gains and losses	-	(6)	(6)
Exchange differences on translation of foreign operations	211	(6)	205
Impact on comprehensive loss	**(733)**	**126**	**(607)**

19.2 WARRANTS CLASSIFIED AS LIABILITIES

The Company restated its 2012 financial statements. For the year ended December 31, 2012, the Company's 2012 warrants issued were incorrectly classified as equity instruments rather than liabilities. This was as a result of the Company having an Australian dollar functional currency, but issuing warrants denominated in Canadian dollars. The financial statements for the year ended December 31, 2012 have been restated to correct this error. The impact of the restatement has been summarized below:

	As at December 31, 2012		
	Previously reported $000	Changes $000	Restated $000
Warrants liabilities	-	1,088	1,088
Impact on liabilities	**-**	**1,088**	**1,088**
Share capital	53,704	(840)	52,864
Warrants reserve	6,946	(985)	5,961
Translation reserve	356	(32)	324
Deficit	(36,165)	769	(35,396)
Impact on equity	**24,841**	**(1,088)**	**23,753**
Impact on balance sheet	**24,841**	**-**	**24,841**

	2012		
	Previously reported $000	Changes $000	Restated $000
Remeasurement of share based liabilities	-	737	737
Foreign exchange gain (loss)	507	32	539
Exchange differences on translation of foreign operations	205	(32)	173
Impact on comprehensive income	**712**	**737**	**1,449**

19.3 RECLASSIFICATION

The Company restated its 2012 financial statements. Property and equipment with a net book value of $199,000 was reclassified as investments in associates in 2012. For the year ended December 31, 2012, this property and equipment had been incorrectly classified as property and equipment. The Company had transferred this property and equipment to the joint venture companies as part of its obligations under the terms of the APJV and PPJV, which provided TVIRD and the joint venture with the exclusive use of these assets for the exploration and development of the Agata and PDA projects.

The Company has determined that upon entering into the TVIRD Joint Ventures in 2012, several property and equipment owned by its subsidiary no longer met the definition of property and equipment because the Company had provided the joint venture with exclusive access and usage to explore and evaluate the Agata and PDA projects. At December 31, 2012, the Company has reclassified $199,000 of property and equipment to investment in associates.

20. EVENTS AFTER THE REPORTING PERIOD

On February 25, 2014 the Company reported that Philippines based Prime Resources Holdings Inc. ("PRHI") had acquired 25.42% of the common shares of the Company. Pursuant to the terms of the Note provided by TVIP (note

10.1(a)), the acquisition of greater than 20% of the voting shares of Mindoro is an event of default, which grants TVIP the right, but not obligation, to demand repayment of any outstanding principle and interest due under the Note with such amounts becoming due and payable within five business days of Mindoro receiving the demand. Pursuant to the security and chattel mortgage agreement, Mindoro has ten business days to satisfy the demand before TVIP may exercise any rights or remedies provided by applicable laws or any other agreement. Mindoro is in discussions with TVIP to exempt PRHI's acquisition of the Company's shares from the event of default provisions of the Note.

In February 2014, the directors of the AMJV and APJV were advised that TVIRD had earned 59% of the shares in the AMJV and 45% of the shares in the APJV. The shares were issued but remain in escrow and subject to cancellation until satisfaction of the additional earn-in requirements, as described above.

On March 4, 2014, the 100 million Red Mountain shares would be released from a voluntary escrow following the finalization of certain amended agreements relating to the transfer of contractual rights and technical services for the Batangas gold projects. Following their release from escrow and obtaining approval from disinterested Red Mountain shareholders, Mindoro returned 4 million Red Mountain shares to reacquire the contractual rights for several tenements in the Philippines including Tapian San Francisco. As required under Mindoro's joint venture agreement with TVIRD, TVIRD has undertaken due diligence with respect to acquiring an interest in the Tapian San Francisco tenements.

In March 2014, the Company reported that it has sold 51.8 million Red Mountain shares in a series of transactions at an average sale price of A$0.0169 per share for net proceeds of $879,000 (A$869,000). The Company's interest in Red Mountain after these transaction was 6.5%.