



MINDORO
RESOURCES LTD

Consolidated Interim Financial Statements

(Unaudited)

March 31, 2007

Mindoro Resources Ltd.
Suite 104, 17707 – 105th Avenue.
Edmonton, AB, Canada T5S 1T1

Tel: (1-780) 413-8187
Fax: (1-780) 426-2716
Email: mindoro@mindoro.com
Website: <http://www.mindoro.com>

*Mindoro trades on the TSX Venture Exchange under the symbol MIO
and on the Frankfurt Stock Exchange under the symbol OLM*

1. GENERAL

This discussion and analysis of financial position and results of operation is prepared as at May 28, 2007, and should be read in conjunction with the unaudited consolidated financial statements for the three months ended March 31, 2007 and March 31, 2006, and the December 31, 2006 audited consolidated financial statements. The statements have been prepared in accordance with Canadian generally accepted accounting principals. All amounts are expressed in Canadian dollars, unless otherwise indicated. Additional information related to the Company can be found on SEDAR at www.sedar.com

2. FORWARD LOOKING INFORMATION

Statements contained in this document that are not historical facts are regarded as forward-looking statements. These statements may involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences, without being limited to the following, include: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; unexpected variations in geological conditions of a property or erroneous geological data; environmental risks including increased regulatory constraints; unexpected adverse mining conditions; adverse political conditions and changes in government regulations policies. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised as a result of new information, future events or otherwise.

3. NATURE OF THE BUSINESS

Mindoro Resources Ltd. ("Mindoro" or "the Company") is a Canadian-based mineral exploration and development company holding interests in the Philippines. The primary corporate objective is the acquisition, exploration and, when successful, development and production of gold, copper-gold and nickel properties in the Asia-Pacific region. There is no commercial production from any mineral property in which Mindoro has an interest. There is no established source of revenue and the Company presently operates at a loss. All operations have been funded by equity subscriptions. Revenue for the current period was derived from interest income. All project expenditures are capitalized in deferred exploration where, upon development of an operating mine, these expenses can be recovered against income from operations. If the Company chooses to discontinue exploration activities on a particular property then the to-date expenses are written off against income.

4. OVERVIEW OF EXPLORATION ACTIVITIES

The Company's main assets are located in the Batangas and Surigao Districts of the Philippines.

BATANGAS PROJECTS, LUZON

Mindoro may earn up to a 75 percent interest in the 24,000 hectare Batangas land package from Egerton Gold Philippines Inc., a private Philippine company. The Company has earned 51 percent interest to date, and may earn the remaining 24 percent interest by taking any one deposit to the feasibility stage. Within the Batangas land package, both the Lobo and Archangel Projects are held under a Mineral Production Sharing Agreement (MPSA), which is a legally binding contract with the Philippine Government allowing for mineral exploration and development, and the Calo prospect is held under Exploration Permits (EP). The remaining Batangas Regional ground is held under either MPSA or EP applications, which are in various stages of approval.

As of March 31, 2007, the Company had \$8,423,340 in exploration expenditures on the Batangas Projects, including expenditures of \$1,874,017 in the first quarter.

Kay Tanda-Pulang Lupa Epithermal Gold Prospects, Archangel Project

Drilling continued at Kay Tanda in the first quarter, where the Company has completed over 162 drill holes to date for a total of 21,000 meters of drilling.

Almost all holes have encountered near-surface, generally flat-lying to gently-dipping blanket-like low-grade mineralization, which is partially to strongly oxidized to depths of 40 to 60 meters, passing through a mixed (transitional) oxide and sulphide zone, into sulphide-only zone below. Drilling, especially at deeper levels, has encountered at least four

steeper-dipping and much higher-grade zones, with bonanza grades to 100 g/t gold and over 1,000 g/t silver, in places, which are interpreted as structurally controlled upflow, or “feeder” zones. Further drilling and structural studies are in progress to determine the nature and controls of the high-grade zones.

Low sulphidation epithermal gold-silver mineralization at Kay Tanda is associated with extensive and intense hydrothermal breccias, quartz stockworks, and metal sulphides which are reflected by an induced polarization chargeability anomaly that is about 1.5 kilometers by 1.4 kilometers in extent. Less than 25 percent of the chargeability anomaly at Kay Tanda has been drill-tested to date. This is interpreted as part of a much larger mineral system consisting of epithermal gold-silver and base-metal mineralization telescoped into an underlying porphyry copper-gold system.

A comprehensive program of metallurgical testing has yielded excellent results. Encouraging results in early testing led to more detailed testing of large diameter drill core with the objective of evaluating heap leach characteristics of both the near-surface oxide and the deeper mixed oxide and sulphide material. As reported in a March 21, 2007 news release, two series of test work were completed.

The first was a bottle roll test from which very high gold and silver recoveries were obtained from both the oxide and mixed material. From the oxide material 93.4 percent of the contained gold and 83.7 percent of the contained silver was leached and recovered in 48 hours. From the mixed material, 88.6 percent of the gold and 87 percent of the contained silver was leached. These are unusually high recoveries, especially for the material containing sulphide. These results suggest that the gold and silver occur in cracks and fissures, and not bound with sulphides, and are hence very accessible to cyanide solutions.

For the second round of testing, column tests (heap leach tests) were performed on a crush size of minus 12.7mm (1/2 inch), which is close to the lower size limit normally used for heap leaching. Gold recovery from the oxide material after 17 days of leaching was 81.9 percent. Gold recovery from the mixed material after 11 days was 90.8 percent. Silver recoveries of 32 percent and 42 percent were obtained from the oxide and mixed material, respectively, which are still good. Both composites are highly amenable to heap leaching.

A second test was commenced at a very coarse crush size of 50mm (2 inch), since the coarser the crush, the lower the plant costs. This work is in progress and results will be reported on completion. Since the transition sample contained a high proportion of sulphide-related mineralization, and leached very well, a test will also be carried out on deeper, entirely sulphide-related gold and silver mineralization as well.

Mindoro management is most encouraged by the drill results and metallurgical test work from Kay Tanda to date. In March 2007, the Company commissioned Golder Associates of Australia to carry out a geostatistical resource estimate for the near-surface zone at Kay Tanda. Mindoro now considers it has established the foundation on which to move forward to an advanced evaluation of the project's economic potential, and, accordingly, a National Instrument 43-101 compliant resource estimate has been commissioned. In conjunction with this, environmental base line work is in progress and detailed metallurgical studies are well advanced. This work will lead to a scoping study later in 2007.

Calo Porphyry Prospect, Batangas Region

The Company received approval from the Philippines Department of Environment and Natural Resources (DENR) in October 2006 for an Exploration Permit covering the Company's Calo prospect. Drilling with a very large diamond drill rig commenced in late December 2006, and continued in the first quarter of 2007. Given the very large size of the target area, initial planning is for six drill holes in 3,500 meters as a preliminary test of the anomaly cluster. As announced in a March 28, 2007, press release, two drill holes were completed in the first quarter and a third underway. Holes one and two both encountered hydrothermal alteration, consistent with the outer pyritic halo of a porphyry copper-gold system. The third hole was located two kilometers distant from the first two holes, and is targeting an area of advanced argillic alteration, with associated copper showings.

The Calo area is extensively covered by young Quaternary volcanics and tuff which obscure large parts of the prospective underlying geology. However, in the northwest, erosion has exposed windows of porphyry-related alteration as well as copper and gold showings.

A major induced polarization (IP) and ground magnetic survey was performed by Elliott Geophysics International Pty. Ltd of Australia. Background chargeability values are in the range of five to eight msec. An area of at least seven kilometers by four kilometers of greater than 20 msec has been defined, which encompasses zones of greater than 50 msec, and includes values to as much as 100 msec, and more. These chargeability values suggest large concentrations of metal sulphides below the younger cover volcanics, which geological evidence suggests are related to a cluster of porphyry

copper-gold centers. The chargeability anomalies occur at the intersection of strong regional northwest to southeast, and northeast to southwest structural features.

Evidence that the sulphides defined by the IP survey relate to porphyry copper-gold mineralization include:

- the Pica porphyry copper-gold mineralization already drill-intersected by the Company on the far-eastern margin of the Calo anomaly,
- the erosional windows of advanced argillic, phyllic and SCC (sericite-clay-chlorite), copper-stained, massive silica boulders, interpreted as porphyry system lithocap located in the southern part of Calo,
- abundant epithermal copper and gold showings which occur along the western and eastern margins of Calo, and include high-sulphidation epithermal copper-gold-silver veins,
- and the occurrence of a diatreme breccia.

All the above listed features are characteristic of Philippine porphyry copper-gold systems. In addition, in the southwest part of Calo, two trench channel samples gave 2.62 percent copper over 30 meters, and 2.17 percent copper over 20 meters. This exotic copper occurrence, which can be associated with South American porphyry copper deposits, also implies a significant copper source in the underlying rocks.

The Company plans to continue the current drill program with widely spaced drill holes, up to two kilometers apart, with the objective of vectoring into the mineralization centres. This will form the basis of a major ongoing drill program, planned for the second half of 2007.

SURIGAO PROJECTS, NORTHERN MINDANAO

As of March 31, 2007, Mindoro held a 35% interest in the Surigao Projects, comprised of the Agata, Tapian San Francisco, Tapian Main, and Mat-I projects and Panoro Minerals Ltd. held a 40 percent interest. Panoro earned its interest from Mindoro in the Surigao Projects by funding two million dollars in exploration expenditures in 2005 and 2006.

Subsequent to March 31, 2007, Mindoro re-acquired Panoro's 40 percent interest. As consideration for the purchase of the interest, and subsequent to receipt of regulatory approval in April 2007, Mindoro paid Panoro \$750,000 cash plus 500,000 Mindoro Common shares. Mindoro will make a second payment of \$500,000 cash plus 500,000 Common shares on the first anniversary of the closing. Furthermore, in the event that the nickel laterite prospect located on the Agata project should proceed to production and upon shipment of an aggregate one million tonnes of nickel laterite, Mindoro will pay Panoro \$500,000 cash plus an additional \$500,000 cash payment on the first anniversary of the shipment.

Pursuant to completion of the Panoro interest purchase, Mindoro's interest in the Surigao Projects will total 75 percent. Mindoro has the option to acquire a further 25% percent from its Philippine partner at feasibility stage, bringing its total interest to 100 percent if all options are exercised.

As of March 31, 2007, the Company had \$2,429,698 in exploration expenditures recorded to the Surigao Projects. In the first quarter, the Company spent \$76,055 on the Surigao Projects. The granted tenements consist of an MPSA on Agata and EPs on Tapian San Francisco and Tapian Main. The remaining ground is held under MPSA and EP applications that are undergoing processing.

Mindoro has defined multiple porphyry copper-gold and epithermal gold prospects on the Surigao Projects, as well as a significant nickel-iron laterite prospect.

Agata Project, Nickel-Iron Laterite Prospect

Five coring rigs commenced drilling at the Agata nickel laterite prospect in March 2007. Upon completion of drilling, the Company will commence work on a National Instrument 43-101 resource estimate. Work on an Environmental Compliance Certificate also commenced in the first quarter of 2007.

Prices and demand for nickel are at an all time high, and this situation shows no signs of slackening in the foreseeable future. Not only is the Philippines richly endowed with nickel laterite deposits, but it is an ideal location to supply the nearby markets in China, Japan and Korea. This proximity translates into low shipping costs and other competitive advantages. As a consequence, the nickel-iron laterite prospect on the Company's Agata project has become an important component of the Company's future plans.

In 2006, thirty-five wide-spaced drill holes at Agata produced encouraging results, with nickel and iron grades in the range of material in high demand for the rapidly expanding ferro-nickel market for stainless steel production in China and SE

Asia. Results were reported in a release dated July 6, 2006.

Based on the 2006 drilling, the Agata nickel laterite prospect is considered an excellent Exploration Target with initial potential for 2 million to 3.5 million tonnes at a grade of 0.9 percent to 1.2 percent nickel and 40 percent to 45 percent iron, adequate for three to five years of production. The Company's immediate objective is to define a NI 43-101 compliant resource, initially for three to five years of production at a rate of 500,000 to 700,000 wet metric tonnes per annum of direct shipping-grade material for the very high demand ferro-nickel markets of China and SE Asia. The initial drill program and Exploration Target covers less than 20 percent of the area of nickel laterite mineralization mapped to date at Agata. Preliminary marketing studies and environmental permitting have commenced and the target production date is the first half of 2008. The project is just one kilometer from tidewater and investigations of the potential mine road access to the coast have also commenced. The longer term objective is to expand this resource, and mine life, once production has commenced.

The potential quantity and grade of the Exploration Target described is conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource. Until a feasibility study has been completed there is no certainty that the Company's projections will be economically viable.

Agata Project, Porphyry Prospects

No further work was undertaken on the Agata porphyry prospects in the first quarter of 2007. As described in the Company's November 20, 2006 press release, of five drill hole attempts on the Agata North and Agata South porphyry copper-gold targets, none reached the source of the respective strong target IP chargeability anomalies due to very bad ground conditions related to an intensely fractured and sheared ultra-mafic cap rock. Given the high potential of the targets, and the fact that porphyry copper-gold mineralization had previously been discovered by Mindoro on the Assmicor prospect at Agata, new strategies will be devised to successfully test these promising targets in 2008.

Tapian San Francisco Project

No further work was undertaken on the Tapian San Francisco Project in the first quarter of 2007. Three diamond core holes were drilled on the C6 and C9 targets between early May and late September 2006. As reported in the Company's October 5, 2006 press release, no significant mineralization was intersected in holes one and three and hole two was terminated in bad ground, prior to reaching target depth. However, all holes intersected porphyry copper-gold related alteration, pyritization and anomalous copper and gold values. Results are therefore considered encouraging and future drilling will step-out eastwards to vector in to the interpreted center of the porphyry copper-gold system.

Mindoro's President, Tony Climie, P.Geol., supervises all Mindoro's field programs and is a "qualified person" as defined by NI 43-101

5. RESULTS OF OPERATIONS

For the three months ended March 31, 2007

Interest income for the three months ended March 31, 2007 was \$15,498 compared to interest income of \$4,505 for the three months ended March 31, 2006. The Company had higher cash balances in 2007 as a result of increased financing activities since March 31, 2006 and through the end of the current quarter. The net loss of \$371,890 for the three months ended March 31, 2007, was less than the net loss of \$444,777 for the three months ended March 31, 2006. The losses are a reflection of the Company's status as a non-revenue producing exploration company. As the Company has no main source of revenue, losses are expected to continue.

Advertising and promotion expense for the three months ended March 31, 2007 was \$28,816 compared to \$80,623 for the three months ended March 31, 2006 (adjustment to 2006 comparative amount of \$108,097 for \$27,747 due to expense re-allocation in the second quarter ended June 30, 2006) as the Company conducted more promotion work in Europe during the first quarter of 2006. Consulting and professional fees of \$11,379 for the three months ended March 31, 2007 was lower than the total of \$68,230 for the three months ended March 31, 2006 when legal expenses pertaining to the Philippine properties were incurred.

Investor relations consultants' fees of \$45,649 for the quarter ended March 31, 2007, was higher than similar fees of \$28,047 for the same period in 2006. The increase is due to the addition of a consultant retained for investor relations services in Europe. Rent expense of \$12,635 for the first quarter of 2007 was up from \$7,362 for the same period in 2006 due to increased office space in Canada and the Philippines.

Increased field activity over the past year has resulted in the need to hire additional personnel, resulting in higher salary costs. Salaries and benefits of \$111,668 for the quarter were higher than salaries and benefits of \$101,775 for the quarter ended March 31, 2006.

Stock options vesting during the three months ended March 31, 2007 resulted in stock-based compensation expense of \$13,744 compared to stock-based compensation expenses of \$20,409 recognized in the same period of 2006. Travel expenses of \$54,828 for the quarter compared to \$44,785 for the same quarter in 2006. Depreciation expense of \$7,084 for the three months ended March 31, 2007 was higher than depreciation expense of \$3,205 in the same quarter in 2006.

6. SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings Gain (Loss)	Earnings Gain (Loss) Per Share	Total Assets
March 31, 2007	\$(489,594)	\$(0.008)	\$14,579,772
December 31, 2006	(482,267)	(0.008)	13,621,373
September 30, 2006	(483,045)	(0.008)	9,900,290
June 30, 2006	(479,184)	(0.008)	9,865,035
March 31, 2006	(430,055)	(0.008)	7,240,937
December 31, 2005	(1,208,486)	(0.020)	7,571,132
September 30, 2005	(159,636)	(0.003)	7,506,223
June 30, 2005	(189,333)	(0.005)	6,176,171

7. LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of March 31, 2007, Mindoro's cash position was \$2,563,172, down from \$3,602,179 as at December 31, 2006. In 2007, the Company received net proceeds of \$971,764 from one private placement. In 2006, the Company received \$4,993,937 net private placement proceeds. Purchase warrants exercised during the current period resulted in net proceeds of \$50,791 and exercise of stock options amounted to \$216,515 net proceeds.

Working capital at March 31, 2007 was \$1,940,223, as compared to \$3,146,785 at December 31, 2006.

Accounts receivable increased to \$165,175 as of March 31, 2007, from \$140,918 as of December 31, 2006. Included in accounts receivable is an amount due from an officer of the Company, for \$61,300 (2006 – \$78,300) and pertains to an advance to purchase common shares in the Company. Prepaid expenses decreased in the first quarter, to \$31,001 from \$52,408 at the end of 2006. The property and equipment balance of \$192,019 is up from the December 31, 2006 balance of \$159,851, pursuant to the Company's increased field programs. Accounts payable and accrued charges of \$819,125 as at March 31, 2007, is higher than the balance of \$648,720 as at December 31, 2006 which is primarily related to drilling programs underway in the Philippines.

During the first quarter of 2007, \$2,002,162 was spent on Investing Activities (\$357,563 in the first quarter of 2006) with \$1,962,388 spent on exploration activities (\$336,899 in the first quarter of 2006). The total amount of mineral properties and exploration expenditures as at March 31, 2007 was \$11,628,405 (\$9,666,017 as at December 31, 2006).

The Company adopted no new accounting policies in the three months ended March 31, 2007.

8. CAPITAL RESOURCES

Some of the following commitments are denominated in Philippine Pesos ("PP"). At March 31, 2007, 41.6627PP = \$1CDN.

Memorandum of Agreement: Agata, Lahuy Mat-I, Pan de Azucar, and Tapian Projects

On January 19, 1997, Mindoro Resources Ltd. entered into a Memorandum of Agreement (MOA) with Minimax Mineral Exploration Corporation, a corporation organized under the laws of the Republic of the Philippines, whereby the latter grants to Mindoro Resources Ltd. the exclusive and irrevocable right to earn options up to 75% interest in five mineral properties: Agata, Tapian, Pan de Azucar, Mat-I, and Lahuy.

MRL Gold Phils., Inc. was organized by virtue of the agreement between Minimax Mineral Exploration Corporation and Mindoro Resources Ltd. to form an affiliated corporation under the laws of the Republic of the Philippines and whereby Mindoro Resources Ltd. shall assign all its rights, title, and interests under said agreement.

On June 27, 1997, a deed of assignment was executed by Mindoro Resources Ltd. in favor of MRL Gold Phils., Inc. and the same was acknowledged by Minimax Mineral Exploration Corporation in a separate agreement with MRL Gold Phils., Inc.

Under the terms of the MOA, the Company may earn interests of 10%, 30% and 35% in each of the properties by completing phases one, two and three, respectively as follows:

- i. Phase one – incurring an aggregate amount of P20 million in eligible mining expenditures allocated to the properties as defined in the MOA;
- ii. Phase two – incurring an additional aggregate amount of P75 million in eligible mining expenditures allocated to the properties as defined in the MOA; and
- iii. Phase three – incurring an additional aggregate amount of P75 million in eligible mining expenditures allocated to the properties as defined in the MOA;

As of March 31, 2007, the Company has met phase one expenditure requirements on all properties under this agreement; phase two expenditure requirements on Agata, Tapian, and Pan de Azucar properties; and phase three expenditure requirements on Agata and Tapian properties.

The Company must incur expenditures in relation to each phase within time periods specified in the MOA as summarized below:

- i. Pan de Azucar - The Company is in Phase three of this project and was to have incurred 15,000,000 PP in eligible mining expenditures by January 4, 2004. Although the Company did not meet these requirements, the Company is currently negotiating an extension to this deadline.
- ii. Mat-I - The Company is in Phase two of this project and must incur 15,000,000 PP in eligible mining expenditures to earn an additional 30 percent interest. These expenditures must be made within a two year period from the approval and execution of the Mineral Production Sharing Agreement ("MPSA") on this project. The MPSA on this project was filed in 1997 and has not yet been approved.
- iii. Lahuy - The Company is in Phase one of this project and must incur 5,000,000 PP in eligible mining expenditures. There is currently more than one party claiming title to the mining claims over this property, and as such, the Company has not been able to obtain a MPSA or an exploration permit. The Company is of the opinion they will be able to successfully resolve this dispute. In keeping with Canadian GAAP to write-down projects dormant for three years or longer, however, \$102,136 in Lahuy assets were written off in 2005.

Pursuant to an agreement dated November 4, 2003, the Company was granted an option to earn an additional 10 percent interest (the Interest Option) in future mining reserves located in the Agata, Tapian and Mat-I properties (the Surigao Properties) from Minimax. The Company may exercise its option on each property by making a payment to Minimax equivalent to 0.5 percent of the gross value of each mining reserve with a minimum of \$5,000,000 US per mining reserve. Pursuant to the terms of the Interest Option, the Company issued 200,000 Common shares to Minimax in 2004 as additional consideration for granting the option.

Pursuant to an agreement dated October 5, 2005, the Company's subsidiary, MRL Gold Phil's Inc., acquired an option to purchase an additional 15 percent direct and indirect participating interest (the Additional Interest Option) from Minimax in future mining reserves located in the Surigao Projects. Under the Additional Interest Option, after completion of a Bankable Feasibility Study but before commencing mining operations, MRL has the option to purchase an additional 15 percent interest from Minimax in each and any mining reserve located on the Surigao Projects. Payment shall be equivalent to 0.75 percent of the gross value of each mining reserve, to a minimum of US \$7.5 million. In addition MRL shall make initial cash payment of US \$75,000, and, thereafter, make further payments of US \$75,000 annually for 4 years. Beginning in year five to commencement of production, annual payments of US \$125,000 will be made. A net smelter royalty of one percent against the additional 15 percent interest in mineral reserves shall also be payable to Minimax. MRL may, at any time,

terminate the Additional Interest Option without penalty. In May 2006, the Company issued 75,000 Common shares to Minimax as consideration for granting the option.

Surigao Option Agreement: Agata, Mat-I, and Tapian Projects

Pursuant to the Surigao Option Agreement ("SOA") effective June 21, 2004, Panoro Minerals Ltd. was granted an option to acquire a 40 percent interest in each of the Agata, Tapian and Mat-I properties and any extensions on those properties. In order to earn the interests in the properties, Panoro is to make expenditures totaling \$2,000,000 over a four year period as follows (the "Surigao Option Period"):

- i. \$350,000 during the first expenditure period;
- ii. \$450,000 second expenditure period; and
- iii. \$600,000 in each of the third and fourth expenditure periods.

Panoro was granted an additional interest option to earn 2.5 percent of the additional 10 percent interest in each of the Agata, Tapian and Mat-I properties by reimbursing the Company 25 percent of the costs incurred by the Company under the Interest Option at the time the option is exercised. As consideration for granting the additional interest option, Panoro is obligated to deliver to the Company 50,000 Common shares of the Company. These 50,000 Company shares were netted against the obligation to issue 100,000 Company shares to Minimax upon entering Phase three of the Tapian project. Thus, 50,000 net shares, previously recorded as Common shares issuable, were issued to Minimax during the second quarter. If the phase expenditures on the properties are not met, the properties become excluded from the SOA. Panoro reached its earn-in threshold of \$2,000,000 in July 2006 and in October 2006 formally notified Mindoro that it was exercising its option pursuant to the SOA. The Mat-I property became an Excluded Property as a work program and budget were not approved during the required period for that project. As of December 31, 2006, ownership interest in the Agata and Tapian properties was Panoro 40 percent, Mindoro 35 percent, and Minimax 25 percent, and in the Mat-I property, Mindoro 75 percent and Minimax 25 percent.

Under the terms of the MOA and the SOA and as confirmed in a Confirmation Agreement between the Company, Minimax and Panoro, the parties established an Area of Mutual Interest surrounding the Agata, Tapian and Mat-I properties. During 2004, the Company entered into two agreements to acquire mineral tenements over properties that are within the Area of Mutual Interest to the Surigao properties. On October 26, 2004, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Agata Agreement") and acquired mineral exploration, development and production rights. On signing this agreement, the Company paid a signing bonus of 500,000 PP to the vendor. The Company has the following additional obligations:

- i. Issue 100,000 Common shares to the vendor upon the approval of the exploration permit;
- ii. Commence payment to the vendor of quarterly royalty advances of 50,000 PP per quarter three months following the approval of the exploration permit;
- iii. Issue 250,000 Common shares to the vendor one year following the approval of the exploration permit, and
- iv. Issue 500,000 Common shares to the vendor upon decision to commence commercial production.

The vendor is entitled to a 1.5 percent Net Smelter Royalty on commercial production from the property. Pursuant to the terms of the Confirmation Agreement, Panoro elected to include this additional property as part of the Agata project. On October 11, 2006, the Mines Department approved the exploration permit for this property and the requisite 100,000 Common shares were recorded as issuable as of December 31, 2006; these shares were issued to the vendor in January 2007.

On December 8, 2004, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Tapian Agreement") and acquired mineral exploration, development and production rights. On signing the agreement, the Company paid a signing bonus of 1,500,000 Philippine Peso (PP) to the vendor. The Company was also obligated to issue to the vendor 40,000 Common shares of the Company and 40,000 Common shares of Panoro on signing of the agreement. The Company has the following additional obligations under the terms of the Bautista-Tapian Agreement:

- i. Commence payment to the vendor of quarterly royalty advances of 150,000 PP per quarter on June 8, 2005;
- ii. Issue 50,000 Company Common shares and 50,000 Panoro Common shares to the vendor on December 8, 2005;

- iii. Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor at feasibility study stage on the property; and
- iv. Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor upon decision to commence commercial production on the property.

The vendor is entitled to a 1.5 percent Net Smelter Royalty on commercial production from the property. In January 2005, pursuant to the terms of the Confirmation Agreement, Panoro elected to include this additional property as part of the Tapan project.

On October 18, 2005, the Company entered into two Agreements to Explore, Develop and Operate Mineral Property ("the Canaga Agreements") and acquired mineral exploration, development and production rights on the Tibur and Macana tenements near the Company's Tapan San Francisco property. The tenements are in the form of Mineral Production Sharing Agreement ("MPSA") applications. These will be converted to Exploration Permits (EPs) which are simpler and more rapidly granted form of tenements. On signing the Canaga Agreement, the Company paid a signing bonus of 2,000,000 PP to the vendor. The Company has the following additional obligations under the terms of the Canaga Agreements:

- i. Issue 62,500 Company Common shares upon registration of each EP.
- ii. Issue 87,500 Company Common shares on the first anniversary of the registration of each EP.
- iii. Payment to the vendor of quarterly advance royalties in the amount of 88,000 PP and 87,000 PP commencing after registration of the Tibur and Macana EPs, respectively.

On October 25, 2005, Panoro exercised its option to include the Tibur acquisition in the Surigao Option Agreement and earn a 40 percent interest. The vendor will receive 100,000 Panoro Common shares when a feasibility study begins on the Tibur acquisition, and will receive an additional 100,000 Panoro Common shares when a feasibility study begins on the Macana acquisition, although Mindoro has the option to substitute Company Common shares of equivalent value. When production begins, the vendor will receive 500,000 Company Common shares. For the commercial exploitation of the property, the vendor will receive a royalty of one point five percent (1.5 percent) NSR (Net Smelter Returns) for production of gold and other minerals.

On March 14, 2007, the Company agreed to the purchase of Panoro's 40 percent interest in the Surigao projects previously earned by Panoro under the Surigao Option Agreement. Upon closing, as consideration for the purchase of the interest, Mindoro will pay Panoro \$750,000 cash plus 500,000 Mindoro Common shares; Mindoro will make a second payment of \$500,000 cash plus 500,000 Mindoro Common shares on the first anniversary of the closing. Furthermore, in the event that the nickel laterite prospect located on the Agata project should proceed to production and upon shipment of an aggregate one million tonnes of nickel laterite, Mindoro will pay Panoro \$500,000 cash plus an additional \$500,000 cash payment on the first anniversary of the shipment. The purchase and sale agreements received regulatory approval on April 12, 2007 and the requisite payment of cash and issue of common shares to Panoro was completed.

Egerton Agreement: Archangel, Lobo and Batangas Regional Projects

Pursuant to a Letter Agreement (the "Agreement") dated October 23, 2000 with Egerton Gold Philippines, Inc. ("Egerton"), the Company was granted the option to earn up to a 75 percent interest in the Lobo and Archangel mineral properties in the Philippines. The Company may earn interests of 51 percent and 24 percent in these mineral properties by completing phases one and two, respectively, as follows:

- i. Phase one - incurring an aggregate of \$1,500,000 US in eligible mining expenditures by January 21, 2006; and
- ii. Phase two - completing a feasibility study and obtaining the necessary financing to commence commercial drilling and production on either of these mineral properties.

Pursuant to the Agreement, the Company issued 500,000 Common shares to Egerton upon receipt of the related MPSAs on the properties during 2003. The Company met its phase one expenditure requirements in 2005 and has exercised its option to enter into phase two; 500,000 Common shares were issued to Egerton on November 7, 2005. Upon completion of phase two, the Company must issue an additional 500,000 Common shares to Egerton. At that point, Egerton will have the option to participate at 25 percent interest at production, or convert to a 2 percent gross smelter royalty. Pursuant to the terms of each MPSA, the Company is required to spend certain minimum amounts on eligible expenditures to maintain the MPSA in good standing. These minimum requirements have been met as at December 31, 2006.

During 2004, the Company entered into an Addendum to Agreement, whereby the area covered by the Agreement was extended to include certain mineral tenements surrounding the Lobo and Archangel properties (the "Batangas properties"). Egerton has acquired and made applications to acquire the Batangas properties. For each mineral deposit located within the Batangas properties for which a positive feasibility study is achieved and necessary financing to commence commercial drilling and production is obtained, the Company must issue 500,000 Common shares to Egerton, to a maximum of 1,500,000 Common shares or three mineral deposits on the Batangas properties.

In May of 2006, Mindoro entered into a Joint Venture Agreement with Minimax and Medusa Mining Limited of Australia on the Apical Gold Project in Mindanao, Philippines. Medusa may earn a 70 percent interest in Apical by taking the project either to production, in the case of lode deposits, or to feasibility, in the case of bulk-tonnage, porphyry copper-gold deposits at which time Mindoro and Minimax would each hold 15 percent interest. Mindoro and Minimax are fully carried until Medusa has reached its earn-in. The Apical Project is currently held under a Mineral Production Sharing Agreement application (APSA). Medusa has the right to earn a 70% interest in the Apical Project by:

- i. In the case of lode deposits, commencing development and by producing the first 500 tonnes of ore, after which Mindoro and its Philippine partner have the option to contribute to ongoing expenditures, each retaining a 15% participating interest, or to reduce to a 3% Net Smelter Royalty ("NSR"), each retaining a 1.5% NSR;
- ii. In the case of large, bulk tonnage deposits such as porphyry copper-gold deposits or disseminated or stockwork gold deposits, completing a Bankable Feasibility Study, after which Mindoro and its partner have the right to contribute to ongoing expenditures or dilute to a 3% NSR.

Medusa is required to spend US\$300,000 within 3 years of grant of the APSA and spend a minimum of US\$150,000 per year subsequently. Mindoro has the right to a 15 percent interest in the Apical Project upon Medusa meeting its earn-in requirements and does not hold any interest in the Apical Project prior to that time.

9. TRANSACTIONS WITH RELATED PARTIES

Accounts receivable and advances as at March 31, 2007 includes \$66,627 due from officers of the Company and the Company's subsidiary. The majority of this amount includes a loan made to an officer to purchase common shares in the Company (for \$61,300, net owing the Company, after repayment made during the period). Also included are advances to the officer related to expenses which, upon reconciliation of advances, will be charged to mineral properties and exploration costs.

During the period, Ascenta Capital received \$15,000 for investor relations services and \$9,589 for advertising and promotions expenses; a director of the Company is a principal of Ascenta. MacPherson Leslie & Tyerman, LLP received \$7,823 for corporate legal counsel; a director of the Company is a partner in the law firm.

Mineral properties and exploration costs include \$39,901 paid to MacPherson Leslie & Tyerman, LLP for legal counsel in connection with the properties.

10. CAPITAL STRUCTURE

Authorized:

Unlimited number of Common shares

Unlimited number of Preferred shares

Issued - Common shares	Number
Balance, December 31, 2006	68,247,523
Issued on exercise of purchase warrants (a)	72,760
Issued pursuant to private placement (b)	1,500,000
Issued upon exercise of stock options (c)	446,000
Balance, March 31, 2007	70,266,283
Common share purchase warrants	
Balance, December 31, 2006	3,911,287
Issued on exercise of agent's warrants	141,380
Issued pursuant to private placement	750,000
Warrants exercised (a)	(72,760)
Warrants expired	-
Balance, March 31, 2007	4,729,907
Stock options	
Balance, December 31, 2006	5,035,000
Issued	-
Exercised (c)	(446,000)
Forfeited	-
Expired	-
Balance, March 31, 2007	4,589,000

- (a) Purchase warrants were exercised in January, 2007 for net proceeds of \$50,791.
- (b) In January of 2007, the Company issued 1,500,000 Units at \$0.70 per Unit for gross proceeds of \$1,050,000. Finder's fees and other costs of \$78,236 were incurred pursuant to the issue. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allows the holder to acquire one Common share of the Company at a price of \$1.00 for a period of one year until the expiry date of January 3, 2008, and thereafter, at a price of \$1.25 until January 3, 2009. A total of 750,000 purchase warrants and 105,000 agent's warrants are exercisable pursuant to this private placement.
- (c) Stock options were exercised for net proceeds of \$216,515.

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at March 31, 2007:

Number of Warrants	Exercise Price	Expiry Date
2,076,479	\$ 1.00	Apr-07
1,642,500	\$ 1.00	Dec-07
155,928	\$ 0.70	Apr-08
750,000	\$ 1.00	Jan-08
105,000	\$ 0.70	Jan-09
4,729,907		

The following table summarizes the information about stock options outstanding at March 31, 2007:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.10 to \$0.14	550,000	0.16	\$0.13
\$0.15 to \$0.23	370,000	1.41	\$0.17
\$0.24 to \$0.36	1,584,000	4.36	\$0.32
\$0.37 to \$0.56	150,000	3.52	\$0.48
\$0.57 to \$0.80	650,000	3.02	\$0.65
\$0.81 to \$1.00	1,285,000	3.14	\$0.96
Total	4,589,000	2.63	\$0.51

Share Data as of May 28, 2007

Subsequent to March 31, 2007, the Company issued 560,000 Common shares from the exercise of stock options for gross proceeds of \$74,300; and issued 500,000 Common shares to Panoro Minerals as set out in the purchase agreement for Panoro's 40 percent interest in the Surigao Joint Venture; resulting in a total of 71,326,283 Common shares issued and outstanding as of May 28, 2007. The Company had a total of 4,729,907 purchase warrants and 4,029,000 stock options outstanding as of May 28, 2007.

11. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

BATANGAS PROJECTS	Three Months Ended March 31, 2007			Three Months Ended March 31, 2006		
	Lobo	Archangel	Regional	Lobo	Archangel	Regional
General Exploration	5,759	187,471	36,015	28,208	45,368	26,234
Camp, Road Construction	-	33,790	-	968	11,857	-
Travel	162	19,468	5,374	3,456	3,704	5,098
Geology, Geophysics, Geochemistry	-	167,426	16,824	18,364	33,016	43,799
Drilling	-	1,083,842	255,743	96,525	3,562	-
Mapping, Sampling	-	9,129	8,505	902	2,494	8,276
Acquisition Costs	-	1,922	-	-	-	-
Community, Environmental	2,855	26,865	12,867	7,511	4,779	3,735
Total additions	\$ 8,776	\$ 1,529,913	\$ 335,328	\$ 155,934	\$ 104,780	\$ 87,142

SURIGAO PROJECTS	Three Months Ended March 31, 2007		Three Months Ended March 31, 2006	
	Agata	Tapian	Agata	Tapian
General Exploration	16,059	24,142	21,558	21,583
Camp, Road Construction	1,140	2,175	-	-
Travel	1,418	558	-	59
Geology, Geophysics, Geochemistry	99	604	-	-
Drilling	11,319	8,884	-	-
Mapping, Sampling	860	739	-	-
Acquisition Costs	62	1,547	-	15,241
Community, Environmental	4,835	1,614	-	22
Management Fee Recoveries	-	-	(19,380)	(8,860)
Total additions	\$ 35,792	\$ 40,263	\$ 2,178	\$ 28,045

OTHER PROJECTS	Three Months Ended March 31, 2007		Three Months Ended March 31, 2006	
	Pan de Azucar	Mat-I	Pan de Azucar	Mat-I
General Exploration	737	-	163	21,250
Acquisition Costs	-	-	-	-
Total additions	\$ 737	\$ -	\$ 163	\$ 21,250

12. DISCLOSURE CONTROLS AND PROCEDURES

As required by Multilateral Instrument 52-109, management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2007. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company to satisfy its continuous disclosure obligations, and are effective in ensuring that information required to be disclosed in the reports that the Company files is accumulated and communicated to management as appropriate to allow for timely decisions regarding required disclosure.

13. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's internal controls over financial reporting in accordance with Multilateral Instrument 52-109 in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. There have been no significant changes in the Company's internal controls over financial reporting that have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

The Company's Chief Executive Officer and Chief Financial Officer have noted that given the limited number of staff at the Company, it is not possible to achieve complete segregation of duties. Furthermore, the Company does not have the technical accounting expertise and knowledge to address all complex and non-routine accounting transactions that may arise. The Company relies on periodically obtaining outside expertise on complex accounting and reporting issues.

14. RISKS AND UNCERTAINTIES

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including, but not limited to, environmental, metal prices, political and economical. The Company has no sources of financing other than equity financing. The properties in which the Company has an interest or has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization.

15. EVENTS SUBSEQUENT TO MARCH 31, 2007

On May 8, 2007 the Company announced that it will raise up to \$2,450,000 by way of a private placement. The Company has arranged to sell up to 3,500,000 units to qualified investors at a price of \$0.70 per unit. Each unit will consist of one Common share and one half Common share purchase warrant. Each whole warrant entitles the holder to acquire one additional Common share at a price of \$1.00 per share for a period of one year after the close of the offering, and thereafter at \$1.25 per share for one additional year. The Company may pay finder's fees as allowed by the policies of the TSX Venture Exchange. Proceeds of the offering will be used for advancing the Company's projects in the Philippines. The terms of the private placement are subject to regulatory approval.



MINDORO
RESOURCES LTD

Consolidated Balance Sheets

	March 31	December 31
	2007	2006
ASSETS		
CURRENT		
Cash	\$ 2,563,172	\$ 3,602,179
Accounts receivable (Note 5)	165,175	140,918
Prepaid expenses	31,001	52,408
	2,759,348	3,795,505
MINERAL PROPERTIES AND EXPLORATION COSTS (Note 3)	11,628,405	9,666,017
PROPERTY AND EQUIPMENT (Note 4)	192,019	159,851
	\$ 14,579,772	\$ 13,621,373
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 819,125	\$ 648,720
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	23,042,745	21,842,956
Contributed surplus (Note 7)	2,323,772	2,363,677
Retained earnings	(11,605,870)	(11,233,980)
	13,760,647	12,972,653
	\$ 14,579,772	\$ 13,621,373

SUBSEQUENT EVENTS (Note 11)



MINDORO
RESOURCES LTD

Consolidated Statements of Loss and Deficit

Three Months Ended March 31,
2007 2006

REVENUE

Interest	\$	15,498	\$	4,505
----------	----	--------	----	-------

EXPENSES

Administration	7,028	5,250
Advertising and promotion	28,816	108,097
Communications	7,161	5,050
Conferences and trade shows	13,119	13,047
Consulting and professional fees	11,379	68,230
Investor relations consultants	45,649	28,047
Listing fees and shareholder communications	16,721	9,686
Office, postage and sundry	10,802	12,234
Printing	2,609	6,226
Rent	12,635	7,362
Salaries and benefits	111,668	101,775
Stock based compensation - employees	-	-
Stock based compensation - consultants	13,744	20,409
Travel	54,828	44,785
Depreciation and amortization	7,606	3,205
Foreign exchange loss	43,623	15,879
Write down of mineral properties and exploration costs	-	-

	387,388	449,282
--	---------	---------

	(371,890)	(444,777)
--	-----------	-----------

Net loss	(371,890)	(444,777)
----------	-----------	-----------

Deficit, beginning of period	(11,233,980)	(9,547,256)
------------------------------	--------------	-------------

Deficit, end of period	\$ (11,605,870)	\$ (9,992,033)
------------------------	-----------------	----------------

Basic and diluted loss per share - basic and diluted	\$ (0.01)	\$ (0.01)
--	-----------	-----------

Weighted average shares outstanding	69,987,472	53,900,149
-------------------------------------	------------	------------



MINDORO
RESOURCES LTD

Consolidated Statements of Cash Flows

Three Months Ended March 31,
2007 2006

**NET INFLOW (OUTFLOW) OF CASH RELATED
TO THE FOLLOWING ACTIVITIES**

OPERATING

Net loss	\$ (371,890)	\$ (444,777)
Items not affecting cash		
Stock-based compensation - employees	-	-
Stock-based compensation - consultants	13,744	20,409
Depreciation and amortization	7,606	3,205
Unrealized foreign exchange loss	-	-
Write-down of mineral properties and exploration costs	-	-
Provision for future income tax expense	-	-
Changes in non-cash working capital	167,555	(128,666)
	(182,985)	(549,829)

INVESTING

Expenditures on mineral properties and exploration costs	(1,962,388)	(336,899)
Acquisition of property and equipment	(39,774)	(20,664)
	(2,002,162)	(357,563)

FINANCING

Deposits held for private placement		118,990
Issue of share capital, net of issuance costs	1,146,140	164,755
	1,146,140	283,745

INCREASE IN CASH (1,039,007) (623,647)

CASH BEGINNING OF PERIOD 3,602,179 1,419,311

CASH END OF PERIOD \$ 2,563,172 \$ 795,664



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

1. NATURE OF OPERATIONS AND GOING CONCERN

Mindoro Resources Ltd.'s (the "Company" or "Mindoro") principal activity is the acquisition, exploration and development of mineral properties in the Philippines and Laos. To date, no mineral development projects have been completed and commercial production has not commenced.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, an underlying assumption being that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The continued existence of the Company is dependent upon its ability to obtain additional sources of financing or negotiate appropriate farm-in arrangements, to fund current and future exploration and administrative expenditures, to meet obligations to preserve its interests in existing mineral properties and to achieve commercial production and positive cash flows from operations. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern.

If the going concern assumption was not appropriate to these consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities and reported revenues and expenses.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) PRINCIPLES OF CONSOLIDATION

These consolidated financial statements of Mindoro Resources Ltd. (the "Company") include the accounts of the Company and its wholly-owned subsidiary, MRL Gold Phils., Inc., and have been prepared in accordance with Canadian generally accepted accounting principles.

(B) MINERAL PROPERTIES AND EXPLORATION COSTS

Mineral property costs are comprised of initial property acquisition costs and related property option payments. All costs related to the exploration and development of mineral properties are deferred on a property by property basis until commencement of commercial production or a write-down is considered necessary. The recoverability of the amounts recorded for mineral properties and deferred costs are dependent on the existence of economically recoverable reserves and future profitable production from the mineral properties.

Incidental revenue derived from management fees from third parties are recorded first as a reduction of the specific mineral property and deferred costs to which the fees relate and any excess as a reduction to expenses in the consolidated financial statements of loss and deficit.

When properties are brought into commercial production, mineral properties and deferred costs related to a specific mine site will be amortized on a unit-of-production basis over economically recoverable reserves.

Mineral properties and deferred costs are written down when properties are abandoned or when cost exceeds net realizable value.

No provision for depletion of the amounts carried as mineral properties and deferred costs is included in the consolidated financial statements, as the properties are yet to reach commercial production.



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

(C) PROPERTY AND EQUIPMENT

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance, will flow to the company. All other subsequent expenditures are recognized as an expense in the period in which they are incurred.

Property and equipment are amortized using the declining method at rates of 20% and 30% per annum.

(D) ASSET RETIREMENT OBLIGATIONS

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased or decreased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the Statement of Loss and Deficit. Changes resulting from revisions to the timing or the amount of the original estimate of undiscovered cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company has not yet incurred any significant asset retirement obligations.

(E) STOCK-BASED COMPENSATION

The company has a stock option plan as described in note 6.

Stock-based compensation granted to employees, directors, officers and non-employees is accounted for using the fair value method. Compensation expense is amortized over the vesting period of the options, with a corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital. Contributed surplus recognized as a result of granting options will be credited to share capital when the options are exercised.

(F) INCOME TAXES

Income taxes are accounted for using the liability method of income tax allocation. Under the liability method, income tax assets and liabilities are recorded to recognize future income tax inflows and outflows arising from the settlement or recovery of assets and liabilities at their carrying values. Income tax assets are also recognized for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities, provided those benefits are more likely than not to be realized. Future income tax assets and liabilities are determined based on the tax laws and rates that are anticipated to apply in the period of realization.

(G) PER SHARE AMOUNTS

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

Basic loss per share is calculated by dividing the aggregate net loss for the period by the total weighted average number of shares outstanding at the end of the period.

(H) MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(I) FOREIGN CURRENCY TRANSLATION

The Company follows the temporal method when translating foreign currency transactions and the financial statements of its integrated subsidiary.

Under this method, foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at the balance sheet date for monetary items and at the transaction date for non-monetary items. Revenues and expenses are translated at average exchange rates for the year. Exchange gains or losses on translation of current and non-current monetary items are included in the determination of net loss.

3. MINERAL PROPERTIES AND EXPLORATION COSTS

Mineral properties and exploration costs consist of expenditures related to exploration for mineral resources on a property by property basis. This comprises costs of exploration and mining rights acquisition, geological, geochemical and geophysical surveys, drilling, labor, materials and supplies, professional fees, community relations, environmental management expenditures and others.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has diligently investigated rights of ownership of all of the mineral concessions in which it has interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Incidental revenue derived from management fees from third parties are treated as cost recoveries and recorded first as a reduction of the specific deferred exploration costs to which the fees relate, and any excess as a reduction to expenses in the statement of expenses. As of March 31, 2007, the total amount of cost recoveries have been deducted from the deferred exploration costs. The Company did not receive any management fees in the first quarter of 2007.



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

Project	Balance December 31, 2005	Expenditures, net of cost recoveries and writedowns	Balance December 31, 2006	Expenditures	Balance March 31, 2007
Agata	\$ 1,083,622	\$ 306,583	\$ 1,390,205	\$ 35,792	\$ 1,425,997
Tapian	634,990	259,510	894,500	40,263	934,763
Lahuy	-	-	-	-	-
Mat-I	44,319	24,619	68,938	-	68,938
Pan de Azucar	609,669	7,550	617,219	737	617,956
Batangas	157,551	508,124	665,675	335,328	1,001,003
Lobo	2,098,939	374,303	2,473,242	8,776	2,482,018
Archangel	956,268	2,454,138	3,410,406	1,529,913	4,940,319
Laos	24,757	150	24,907	-	24,907
	5,610,115	3,934,977	9,545,092	1,950,809	11,495,901
Royalty Deposits	30,318	90,607	120,925	11,579	132,504
	\$ 5,640,433	\$ 4,025,584	\$ 9,666,017	\$ 1,962,388	\$ 11,628,405

Minimax Agreement: Agata, Lahuy Mat-I, Pan de Azucar, and Tapian Projects

The following summarizes the significant contracts entered into by the Company in connection with the various exploration projects:

On January 19, 1997, Mindoro Resources Ltd. entered into a Memorandum of Agreement (MOA) with Minimax Mineral Exploration Corporation, a corporation organized under the laws of the Republic of the Philippines, whereby the latter grants to Mindoro Resources Ltd. the exclusive and irrevocable right to earn options up to 75% interest in five mineral properties: Agata, Tapian, Pan de Azucar, Mat-I, and Lahuy.

MRL Gold Phils., Inc. was organized by virtue of the agreement between Minimax Mineral Exploration Corporation and Mindoro Resources Ltd. to form an affiliated corporation under the laws of the Republic of the Philippines and whereby Mindoro Resources Ltd. shall assign all its rights, title, and interests under said agreement.

On June 27, 1997, a deed of assignment was executed by Mindoro Resources Ltd. in favor of MRL Gold Phils., Inc. and the same was acknowledged by Minimax Mineral Exploration Corporation in a separate agreement with MRL Gold Phils., Inc.

Under the terms of the MOA, the Company may earn interests of 10%, 30% and 35% in each of the properties by completing phases one, two and three, respectively as follows:

- i. Phase one – incurring an aggregate amount of P20 million in eligible mining expenditures allocated to the properties as defined in the MOA;
- ii. Phase two – incurring an additional aggregate amount of P75 million in eligible mining expenditures allocated to the properties as defined in the MOA; and
- iii. Phase three – incurring an additional aggregate amount of P75 million in eligible mining expenditures allocated to the properties as defined in the MOA;



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

The Company must incur expenditures in relation to each phase within time periods specified in the MOA as summarized below:

- i. Pan de Azucar - The Company is in Phase three of this project and was to have incurred 15,000,000 PP in eligible mining expenditures by January 4, 2004. Although the Company did not meet these requirements, the Company is currently negotiating an extension to this deadline.
- ii. Mat-I - The Company is in Phase two of this project and must incur 15,000,000 PP in eligible mining expenditures to earn an additional 30 percent interest. These expenditures must be made within a two year period from the approval and execution of the Mineral Production Sharing Agreement ("MPSA") on this project. The MPSA on this project was filed in 1997 and has not yet been approved.
- iii. Lahuy - The Company is in Phase one of this project and must incur 5,000,000 PP in eligible mining expenditures. There is currently more than one party claiming title to the mining claims over this property, and as such, the Company has not been able to obtain a MPSA or an exploration permit. The Company is of the opinion they will be able to successfully resolve this dispute. In keeping with Canadian GAAP to write-down projects dormant for three years or longer, however, \$102,136 in Lahuy assets were written off in 2005.

As of March 31, 2007, the Company has met phase one expenditure requirements on all properties under this agreement; phase two expenditure requirements on Agata, Tapian, and Pan de Azucar properties; and phase three expenditure requirements on Agata and Tapian properties.

Pursuant to an agreement dated November 4, 2003, the Company was granted an option to earn an additional 10 percent interest (the Interest Option) in future mining reserves located in the Agata, Tapian and Mat-I properties (the Surigao Properties) from Minimax. The Company may exercise its option on each property by making a payment to Minimax equivalent to 0.5 percent of the gross value of each mining reserve with a minimum of \$5,000,000 US per mining reserve.

Pursuant to an agreement dated October 5, 2005, the Company's subsidiary, MRL Gold Phil's Inc., acquired an option to purchase an additional 15 percent direct and indirect participating interest (the Additional Interest Option) from Minimax in future mining reserves located in the Surigao Projects. Under the Additional Interest Option, after completion of a Bankable Feasibility Study but before commencing mining operations, MRL has the option to purchase an additional 15 percent interest from Minimax in each and any mining reserve located on the Surigao Projects. Payment shall be equivalent to 0.75 percent of the gross value of each mining reserve, to a minimum of US \$7.5 million. In addition MRL shall make initial cash payment of US \$75,000, and, thereafter, make further payments of US \$75,000 annually for 4 years. Beginning in year five to commencement of production, annual payments of US \$125,000 will be made. A net smelter royalty of one percent against the additional 15 percent interest in mineral reserves shall also be payable to Minimax. MRL may, at any time, terminate the Additional Interest Option without penalty. In May 2006, the Company issued 75,000 Common shares to Minimax as consideration for granting the option with a total value of \$63,690.

Surigao Option Agreement: Agata, Mat-I, and Tapian Projects

Pursuant to the Surigao Option Agreement ("SOA") effective June 21, 2004, Panoro Minerals Ltd. was granted an option to acquire a 40 percent interest in each of the Agata, Tapian and Mat-I properties and any extensions on those properties. In order to earn the interests in the properties, Panoro is to make expenditures totaling \$2,000,000 over a four year period as follows (the "Surigao Option Period"):

- i. \$350,000 during the first expenditure period;
- ii. \$450,000 second expenditure period; and
- iii. \$600,000 in each of the third and fourth expenditure periods.



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

Panoro was granted an additional interest option to earn 2.5 percent of the additional 10 percent interest in each of the Agata, Tapian and Mat-I properties by reimbursing the Company 25 percent of the costs incurred by the Company under the Interest Option at the time the option is exercised. As consideration for granting the additional interest option, Panoro is obligated to deliver to the Company 50,000 Common shares of the Company. These 50,000 Company shares were netted against the obligation to issue 100,000 Company shares to Minimax upon entering Phase three of the Tapian project. Thus, 50,000 net shares, previously recorded as Common shares issuable, were issued to Minimax during the second quarter. If the phase expenditures on the properties are not met, the properties become excluded from the SOA. Panoro reached its earn-in threshold of \$2,000,000 in July 2006 and in October 2006 formally notified Mindoro that it was exercising its option pursuant to the SOA. The Mat-I property became an Excluded Property as a work program and budget were not approved during the required period for that project. As of March 31, 2007, ownership interest in the Agata and Tapian properties was Panoro 40 percent, Mindoro 35 percent, and Minimax 25 percent, and in the Mat-I property, Mindoro 75 percent and Minimax 25 percent.

Under the terms of the MOA and the SOA and as confirmed in a Confirmation Agreement between the Company, Minimax and Panoro, the parties established an Area of Mutual Interest surrounding the Agata, Tapian and Mat-I properties. During 2004, the Company entered into two agreements to acquire mineral tenements over properties that are within the Area of Mutual Interest to the Surigao properties. On October 26, 2004, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Agata Agreement") and acquired mineral exploration, development and production rights. On signing this agreement, the Company paid a signing bonus of 500,000 PP to the vendor. The Company has the following additional obligations:

- i. Issue 100,000 Common shares to the vendor upon the approval of the exploration permit;
- ii. Commence payment to the vendor of quarterly royalty advances of 50,000 PP per quarter three months following the approval of the exploration permit;
- iii. Issue 250,000 Common shares to the vendor one year following the approval of the exploration permit, and
- iv. Issue 500,000 Common shares to the vendor upon decision to commence commercial production.

The vendor is entitled to a 1.5 percent Net Smelter Royalty on commercial production from the property. Pursuant to the terms of the Confirmation Agreement, Panoro elected to include this additional property as part of the Agata project. On October 11, 2006, the Mines Department approved the exploration permit for this property and the requisite 100,000 Common shares were issued to the vendor in January 2007.

On December 8, 2004, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Tapian Agreement") and acquired mineral exploration, development and production rights. On signing the agreement, the Company paid a signing bonus of 1,500,000 Philippine Peso (PP) to the vendor. The Company was also obligated to issue to the vendor 40,000 Common shares of the Company and 40,000 Common shares of Panoro on signing of the agreement. The Company has the following additional obligations under the terms of the Bautista-Tapian Agreement:

- i. Commence payment to the vendor of quarterly royalty advances of 150,000 PP per quarter on June 8, 2005;
- ii. Issue 50,000 Company Common shares and 50,000 Panoro Common shares to the vendor on December 8, 2005;
- iii. Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor at feasibility study stage on the property; and
- iv. Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor upon decision to commence commercial production on the property.

The vendor is entitled to a 1.5 percent Net Smelter Royalty on commercial production from the property. In January 2005, pursuant to the terms of the Confirmation Agreement, Panoro elected to include this additional property as part of the Tapian project (see note 6).



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

On October 18, 2005, the Company entered into two Agreements to Explore, Develop and Operate Mineral Property ("the Canaga Agreements") and acquired mineral exploration, development and production rights on the Tibur and Macana tenements near the Company's Tapian San Francisco property. The tenements are in the form of Mineral Production Sharing Agreement ("MPSA") applications. These will be converted to Exploration Permits (EPs) which are simpler and more rapidly granted form of tenements. On signing the Canaga Agreement, the Company paid a signing bonus of 2,000,000 PP to the vendor. The Company has the following additional obligations under the terms of the Canaga Agreements:

- i. Issue 62,500 Company Common shares upon registration of each EP.
- ii. Issue 87,500 Company Common shares on the first anniversary of the registration of each EP.
- iii. Payment to the vendor of quarterly advance royalties in the amount of 88,000 PP and 87,000 PP commencing after registration of the Tibur and Macana EPs, respectively.

On October 25, 2005, Panoro exercised its option to include the Tibur acquisition in the Surigao Option Agreement and earn a 40 percent interest. The vendor will receive 100,000 Panoro Common shares when a feasibility study begins on the Tibur acquisition, and will receive an additional 100,000 Panoro Common shares when a feasibility study begins on the Macana acquisition, although Mindoro has the option to substitute Company Common shares of equivalent value. When production begins, the vendor will receive 500,000 Company Common shares. For the commercial exploitation of the property, the vendor will receive a royalty of one point five percent (1.5 percent) NSR (Net Smelter Returns) for production of gold and other minerals.

On March 14, 2007 the Company agreed to the purchase of Panoro's 40 percent interest in the Surigao projects previously earned by Panoro under the Surigao Option Agreement. Upon closing, as consideration for the purchase of the interest, Mindoro will pay Panoro \$750,000 cash plus 500,000 Mindoro Common shares; Mindoro will make a second payment of \$500,000 cash plus 500,000 Mindoro Common shares on the first anniversary of the closing. Furthermore, in the event that the nickel laterite prospect located on the Agata project should proceed to production and upon shipment of an aggregate one million tonnes of nickel laterite, Mindoro will pay Panoro \$500,000 cash plus an additional \$500,000 cash payment on the first anniversary of the shipment. The purchase and sale agreements received regulatory approval on April 12, 2007 and the requisite payment of cash and issue of common shares to Panoro was completed.

Egerton Agreement: Archangel, Lobo and Batangas Regional Projects

Pursuant to a Letter Agreement (the "Agreement") dated October 23, 2000 with Egerton Gold Philippines, Inc. ("Egerton"), the Company was granted the option to earn up to a 75 percent interest in the Lobo and Archangel mineral properties in the Philippines. The Company may earn interests of 51 percent and 24 percent in these mineral properties by completing phases one and two, respectively, as follows:

- i. Phase one - incurring an aggregate of \$1,500,000 US in eligible mining expenditures by January 21, 2006; and
- ii. Phase two - completing a feasibility study and obtaining the necessary financing to commence commercial drilling and production on either of these mineral properties.

Pursuant to the Agreement, the Company issued 500,000 Common shares to Egerton upon receipt of the related MPSAs on the properties during 2003. The Company met its phase one expenditure requirements in 2005 and has exercised its option to enter into phase two; 500,000 Common shares were issued to Egerton on November 7, 2005. Upon completion of phase two, the Company must issue an additional 500,000 Common shares to Egerton. At that point, Egerton will have the option to participate at 25 percent interest at production, or convert to a 2 percent gross smelter royalty. Pursuant to the terms of each MPSA, the Company is required to spend certain minimum amounts on eligible expenditures to maintain the MPSA in good standing. These minimum requirements have been met as at March 31, 2007.



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

During 2004, the Company entered into an Addendum to Agreement, whereby the area covered by the Agreement was extended to include certain mineral tenements surrounding the Lobo and Archangel properties (the "Batangas properties"). Egerton has acquired and made applications to acquire the Batangas properties. For each mineral deposit located within the Batangas properties for which a positive feasibility study is achieved and necessary financing to commence commercial drilling and production is obtained, the Company must issue 500,000 Common shares to Egerton, to a maximum of 1,500,000 Common shares or three mineral deposits on the Batangas properties.

In May of 2006, Mindoro entered into a Joint Venture Agreement with Minimax and Medusa Mining Limited of Australia on the Apical Gold Project in Mindanao, Philippines. Medusa may earn a 70 percent interest in Apical by taking the project either to production, in the case of lode deposits, or to feasibility, in the case of bulk-tonnage, porphyry copper-gold deposits at which time Mindoro and Minimax would each hold 15 percent interest. The Apical Project is currently held under a Mineral Production Sharing Agreement application (APSA). Medusa has the right to earn a 70% interest in the Apical Project by:

- i. In the case of lode deposits, commencing development and by producing the first 500 tonnes of ore, after which Mindoro and its Philippine partner have the option to contribute to ongoing expenditures, each retaining a 15% participating interest, or to reduce to a 3% Net Smelter Royalty ("NSR"), each retaining a 1.5% NSR;
- ii. In the case of large, bulk tonnage deposits such as porphyry copper-gold deposits or disseminated or stockwork gold deposits, completing a Bankable Feasibility Study, after which Mindoro and its partner have the right to contribute to ongoing expenditures or dilute to a 3% NSR.

Medusa is required to spend US\$300,000 within 3 years of grant of the APSA and spend a minimum of US\$150,000 per year subsequently. Mindoro has the right to a 15 percent interest in the Apical Project upon Medusa meeting its earn-in requirements and does not hold any interest in the Apical Project prior to that time.

4. PROPERTY AND EQUIPMENT

Property and equipment are amortized using the declining balance method at an annual rate of 20% to 30% per annum.

	March 31, 2007			December 31, 2006		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Computer hardware	\$ 61,009	\$ 51,304	\$ 9,705	\$ 58,944	\$ 50,600	\$ 8,345
Computer software	51,413	44,313	7,100	50,556	43,807	6,749
Office furniture and equipment	246,074	70,860	175,214	202,861	58,103	144,758
Leasehold improvements	16,518	16,518	-	16,518	16,518	-
	<u>\$ 375,014</u>	<u>\$ 182,995</u>	<u>\$ 192,019</u>	<u>\$ 328,879</u>	<u>\$ 169,028</u>	<u>\$ 159,851</u>

5. ACCOUNTS RECEIVABLE

Funds due from an officer of the Company, for \$61,300 (2006 – \$78,300), are entered into the accounts receivable account and pertain to an advance to purchase common shares in the Company. The advance is in the form of an interest-free demand loan for the purpose of exercising purchase warrants to acquire 261,000 common shares in the Company. The loan is repayable to the Company in full on or before November 21, 2007. Security for the repayment is in the form of a demand promissory note and the share certificate representing the number of common shares acquired pursuant to the loan. The market value of the shares acquired was \$185,310 as at March 31, 2007.



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

6. SHARE CAPITAL

Authorized

Unlimited number of common shares

Unlimited number of preferred shares

	March 31, 2007		December 31, 2006	
	Number	Amount	Number	Amount
Issued				
Common shares				
Balance, beginning of period	68,247,523	\$ 21,842,956	53,571,892	\$ 14,616,181
Issued upon exercise of warrants (a)	72,760	11,511	6,646,681	2,011,177
Issued pursuant to private placement (b)	1,500,000	971,764	7,403,950	4,993,937
Issued upon exercise of stock options (c)	446,000	216,515	450,000	137,036
Issued for mining properties (d)	-	-	75,000	63,690
Common Shares issuable (e)	-	-	100,000	20,935
Balance, end of period	70,266,283	\$ 23,042,745	68,247,523	\$ 21,842,956
Common share purchase warrants				
Balance, beginning of period	3,911,287		7,508,861	
Issued pursuant to private placement (b)	750,000		3,928,291	
Issued pursuant to exercise of agents warrants (f)	141,380		74,344	
Exercised (a)	(72,760)		(6,646,681)	
Expired (g)	-		(953,528)	
Balance, end of period	4,729,907		3,911,287	

- (a) Purchase warrants were exercised for net proceeds of \$50,791. The fair value of purchase warrants issued pursuant to private placements of \$39,280 was charged as an expense to share capital.
- (b) In April of 2006, the Company issued 4,118,950 Units at \$0.70 per Unit for proceeds of \$2,707,325 net of issue costs, including finders fees, of \$175,940. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allows the holder to acquire one Common share of the Company at a price of \$1.00 for a period of one year subsequent to issue of the purchase warrant and, at a price of \$1.25 for one additional year thereafter. The Company also issued 226,316 agent's warrants; agent's warrants are exercisable into Units having the same terms as the Units issued.

In December of 2006, the Company issued 3,285,000 Units at \$0.70 per Unit for proceeds of \$2,286,612 net of issue costs of \$12,888. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allows the holder to acquire one Common share of the Company at a price of \$1.00 until December 2007 and, thereafter, at a price of \$1.25 until December 20, 2008.

In January of 2007, pursuant to a private placement, the Company issued 1,500,000 Units at \$0.70 per Unit for gross proceeds of \$1,050,000 less finders' fees and other costs of \$78,236. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant allows the holder to acquire one Common share at \$1.00 for a period of one year until the expiry date of January 3, 2008, and, thereafter, at a price of \$1.25 until January 3, 2009. A total of 750,000 purchase warrants and 105,000 agent's warrants are exercisable pursuant to this Private Placement.



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

- (c) The Company issued 446,000 Common shares pursuant to the exercise of stock options for net proceeds of \$123,585. Stock-based compensation costs totaling \$92,930, recorded as an increase to contributed surplus on issuance of the stock options, were reclassified to share capital upon the exercise of these options.
- (d) In connection with the Company's October 5, 2005 agreement with Minimax (note 3) and pursuant to receiving regulatory approval in January 2006, the Company recorded an obligation to issue 75,000 shares to Minimax. The shares were issued May 28, 2006.
- (e) In connection with the Company's October 26, 2004, Bautista-Agata agreement (note 3) and pursuant to receiving the exploration permit for this property on October 11, 2006, the Company recorded an obligation to issue 100,000 Common shares to the property vendor. These shares were issued January 21, 2007.
- (f) These purchase warrants were issued pursuant to the exercise of 141,380 Agent's warrants.
- (g) Three issues of warrants expired during 2006: 598,750 warrants with an exercise price of \$0.50 and 7,600 warrants with an exercise price of \$0.30 expired in October; and 347,178 warrants with an exercise price of \$0.30 expired in November.

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at March 31, 2007:

March 31, 2007				December 31, 2006			
Number of Warrants	Exercise Price	Expiry Date		Number of Warrants	Exercise Price	Expiry Date	
2,076,479	\$ 1.00	April 2007		2,076,479	\$ 1.00	April 2007	
1,642,500	1.00	December 2007		1,642,500	1.00	December 2007	
155,928	0.70	April 2008		192,308	0.70	April 2008	
750,000	1.00	January 2008					
105,000	0.70	January 2009					
4,729,907				3,911,287			

The company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan may not exceed 10% of the issued and outstanding Common shares. The Board of Directors shall determine the terms and provisions of the options at the time of grant. Options granted may not exceed ten years and vest immediately. The exercise price of each option shall not be less than the price permitted by any stock exchange on which the Common shares are then listed. The following table summarizes the status of the Company's stock option plan:

	March 31, 2007		December 31, 2006	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	5,035,000	\$0.51	4,825,000	\$0.45
Issued	-	-	700,000	0.60
Exercised	(446,000)	0.28	(450,000)	0.19
Forfeited	-	-	(40,000)	0.96
Outstanding at end of period	4,589,000	\$0.51	5,035,000	\$0.51
Options exercisable at end of period	4,364,000	\$0.51	4,810,000	\$0.50



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

Compensation cost for the period of \$13,724 (2006 - \$217,925) was recorded as stock-based compensation expense. As this was a non-cash transaction, it is not reflected in the consolidated statement of cash flows.

The following table summarizes share options outstanding:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.10 to \$0.14	550,000	0.16	\$0.13
\$0.15 to \$0.23	370,000	1.41	0.17
\$0.24 to \$0.36	1,584,000	4.36	0.32
\$0.37 to \$0.56	150,000	3.52	0.48
\$0.57 to \$0.80	650,000	3.02	0.65
\$0.81 to \$1.00	1,285,000	3.14	0.96
Total	4,589,000	2.63	\$0.51

7. CONTRIBUTED SURPLUS

	March 31, 2007	December 31, 2006
Balance, beginning of period	\$ 2,363,677	\$ 2,110,714
Stock based compensation	(79,185)	164,740
Agent's warrants issued	64,210	77,489
Agent's warrants exercised	(24,930)	(19,427)
Purchase warrants issued	-	55,043
Purchase warrants exercised	-	(24,882)
	\$ 2,323,772	\$ 2,363,677

8. RELATED PARTY TRANSACTIONS

- Accounts receivable and advances as at March 31, 2007 includes \$66,627 due from officers of the Company and the Company's subsidiary. The majority of this amount includes a loan made to an officer in 2006 to purchase common shares in the Company (for \$61,300, net owing the Company, after repayment made during the period). Also included are advances to the officer related to expenses which, upon reconciliation of advances, will be charged to mineral properties and exploration costs.
- Ascenta Capital received \$15,000 for investor relations services and \$9,589 for advertising and promotions expenses; a director of the Company is a principal of Ascenta. MacPherson Leslie & Tyerman, LLP received \$7,823 for corporate legal counsel; a director of the Company is a partner in the law firm.
- Mineral properties and exploration costs include \$39,901 paid to MacPherson Leslie & Tyerman, LLP for legal counsel in connection with the properties.



Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2007

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

9. FINANCIAL INSTRUMENTS

- (a) Fair values: The fair values of all financial instruments approximate their carrying values due to their short-term nature.
- (b) Currency risk: The Company is exposed to currency risk to the extent of its foreign operations conducted in the Philippines. The Company does not hedge its exposure to fluctuations in the related foreign exchange rate.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation in the current year.

11. SUBSEQUENT EVENTS

On April 12, 2007 the Company received TSX Venture Exchange approval after the closing of the transaction regarding the purchase of Panoro Minerals' 40 percent interest in the Surigao Joint Venture. As set out in the purchase agreement, the Company paid \$750,000 cash and issued 500,000 Mindoro Common shares to Panoro.

On May 8, 2007 the Company announced that it will raise up to \$2,450,000 by way of a private placement. The Company has arranged to sell up to 3,500,000 units to qualified investors at a price of \$0.70 per unit. Each unit will consist of one Common share and one half Common share purchase warrant. Each whole warrant entitles the holder to acquire one additional Common share at a price of \$1.00 per share for a period of one year after the close of the offering, and thereafter at \$1.25 per share for one additional year. The Company may pay finder's fees as allowed by the policies of the TSX Venture Exchange. Proceeds of the offering will be used for advancing the Company's projects in the Philippines. The terms of the private placement are subject to regulatory approval.