

Consolidated Interim Financial Statements of

MINDORO RESOURCES LTD.

March 31, 2003



MINDORO RESOURCES LTD.

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Mindoro trades on the TSX Venture Exchange under the symbol MIO



MINDORO RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three months ended March 31, 2003

The following discussion should be read in conjunction with the accompanying financial statements and related notes.

OVERVIEW

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 and gold-copper 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.

OPERATING RESULTS

Interest income for the three months ended March 31, 2003, was \$1,251 up from \$299 for the three months ended March 31, 2002. Net loss of \$44,737 was lower than the net loss of \$60,526 for the same period in 2002, primarily attributable to foreign exchange loss of \$6,910, reduced from a loss of \$19,928 in 2002. General and administrative expenses of \$39,078 in the first quarter of 2003 were similar to expenses of \$40,898 in the first quarter of 2002.

LIQUIDITY AND CASH RESERVES

The Company continues to rely on raising capital in order to fund its ongoing operations. One equity financing was carried out during the quarter. As of March 31, 2003, Cash was \$220,209. Accounts payable and accrued charges of \$138,461 dropped slightly from \$147,374 as of December 31, 2002. Included in the March 31, 2003 liability is a compensation debt owed to two officers. **Subject to regulatory approval, the Company intends to issue 272,726 Common shares in satisfaction of the \$95,000 liability.** A \$6,811 debt owed to one director for consulting services as of December 31, 2002, was subsequently satisfied on January 13, 2003, with the issue of 61,922 Common shares.

In the first quarter of 2003, the net amount of \$51,406 was expended on Investing Activities, with \$48,808 spent on Exploration Activities in the Philippines. Total amount of deferred exploration on existing properties as at March 31, 2003, is \$2,472,071.

\$163,575, net of issue costs, was raised from one Private Placement during the quarter ended March 31, 2003. The Company issued 1,100,000 Units at a price of \$0.15 per unit. Each Unit consisted of one Common share and one-half of a Common share purchase warrant. Each whole warrant is exercisable into one Common share at a price of \$0.30 until March 27, 2004, and, thereafter, at \$0.50 until March 27, 2005, at which time they expire. Common shares are subject to a hold period which expires July 27, 2003.

In late 2002, Mindoro reached an innovative agreement with East West Drilling Limited of Australia ("East West") to drill Mindoro's Lobo Project for equity (see news release of November 27, 2002). East West will earn 600,000 shares by completing 1,000 meters (m) of core drilling. Mindoro will pay for mobilization and certain support costs, such as fuel and additives. Drilling on the Lobo project commenced April 5, 2003. East West has the option to enter into a second, identical drill-for-equity agreement on a project of Mindoro's choice within one year of completion of the current drill program.

OUTLOOK

Lobo Project

Previous reconnaissance work by Mindoro outlined two major epithermal vein/breccia systems: the Sampson and Camo Trends, each over 2 km in extent with widely-distributed, high gold-silver-(copper) values and multiple targets. Mindoro is currently focusing on drilling the SW Breccia Zone (Camo Trend) where high-grade gold was returned over wide intervals from trenching: **e.g. 14.5 m (open) of 24.67 g/t gold and 11 m (open) of 19.1 g/t gold.**

On May 26, 2003, Mindoro was pleased to release excellent results from the first 5 holes drilled at the SW Breccia Zone. **Impressive gold grades and widths were intersected**, including: a weighted average grade of **8.32 grams per tonne (g/t) gold over 13.30 meters (m)** from hole LB-03; **9.62 g/t gold over 17.35 m** from LB-04, and **14.28 g/t gold over 13.75 m** from LB-05 (partial results only - ended in mineralization). Holes LB-01 and LB-02 drilled into a locally eroded part of the mineralized breccia zone and did not encounter significant mineralization.

Core recovery in the mineralized breccia is difficult, and is poor in places. In particular, there is strong core loss from the friable sulphide-rich matrix. It is thought that gold grade in the drill core may therefore be under-reported, and that this explains a major part of the grade discrepancy between Trench 2 and the underlying drill holes. Surface enrichment is not thought to be significant (fresh sulphide is common at surface). Ultimately it is likely a reverse circulation rig will be used at Lobo to provide more accurate grade data.

Mindoro management is highly encouraged by the initial drill results. A considerable amount of drilling will be required to define and evaluate the mineralization at SW Breccia Zone, which has been traced via mineralized breccia boulders for at least 600 m along strike. This forms just part of the overall Camo Trend that extends at least 2 km. Drill targets are also being developed on the adjacent Sampson Trend, as well as elsewhere at Lobo. However, in the near term, drilling will continue to focus on defining mineralization in the SW Breccia Zone. **Mindoro plans to add a second drill rig to Lobo in the next few months.**

Archangel Project

The Archangel Project, 5 km southeast, is extensively mineralized. Mindoro commissioned an independent resource estimate on the Kay Tanda epithermal gold prospect in 2002. This resulted in an inferred resource estimate of 17,000,000 tonnes at 0.68 g/t gold and 2.48 g/t silver, or 370,000 ounces of gold and 1,300,000 ounces silver. The mineralization appears to be open in several directions and contains higher grade sections that have not yet been evaluated. This is a substantial gold resource that warrants further evaluation and a major partner will be sought for Archangel. Mindoro has the right to earn a 75% interest in the Lobo and Archangel Projects from a private Philippine company.

Pan de Azucar Project

AurionGold Limited (formerly Delta Gold) notified Mindoro in July, 2002, that it was withdrawing from the Pan de Azucar Project joint venture. AurionGold had been the target of a takeover bid since May 2002. With AurionGold's withdrawal, Mindoro reverted to its original 75% earning entitlement. The 2001 Phase I drill program at Pan de Azucar's Valderama Prospect, funded by AurionGold, had given encouraging gold-silver-copper-zinc values from a massive pyritic-sulphide deposit discovered by Mindoro.

Subsequent Phase 2 drilling in 2002 was disappointing as results indicated that the copper-gold-silver-zinc mineralization is irregular. However, the Valderama epithermal deposit is inferred to be related to an adjacent porphyry-copper-gold system. A shallow drillhole completed on the adjacent Asparin Hill target intersected alteration and disseminated copper mineralization characteristic of porphyry copper-gold systems. Future work at Pan de Azucar will focus on Asparin Hill and a major partner will be sought for this. Mindoro has the right to earn a 75% interest in the Pan de Azucar Project from a private Philippine company and has earned a 40% interest to date.

Surigao Projects

In September, 2000, the Philex Gold / Anglo American joint venture announced spectacular drill results at their Boyongan prospect in the Surigao Gold District. Subsequent drilling outlined a major porphyry copper-gold deposit. Philex has announced that a second porphyry system has been discovered to the northwest of Boyongan and, possibly, a third porphyry system to the southwest. Given the significance of the Boyongan discovery, it is likely the Surigao Gold District will undergo extensive exploration for new porphyry copper-gold deposits, as well as for epithermal gold deposits.

Mindoro had been exploring four projects in the district since 1997: the Mat-I, Tapian San Francisco, Tapian Main and Agata Projects. On announcement of the Boyongan discovery hole, Mindoro immediately made application for an additional 16,929 hectares of land, to bring total holdings and application lands to approximately 25,044 hectares. This is a strong land position, in a highly prospective district, that is expected to attract joint venture and financing interest as the metal resource market continues to improve. Mindoro has the right to earn a 75% interest in the four Surigao Projects from a private Philippine company and to date has earned a 40% interest in the Agata Project and a 10% interest in each of the Mat-I, Tapian San Francisco and Tapian Main Projects. Mindoro is currently negotiating to extend the earn-in period (which expired in January, 2003) for its final 35% interest in Agata.

Promising Outlook

The Company's financial future continues to be dependent on new investment. There are currently 4,289,490 Mindoro purchase warrants priced at \$0.15 outstanding; 1,500,000 of those warrants will rise in price to \$0.30 per share on July 10, 2003, and the balance will rise to \$0.30 per share in September and October, 2003 (see Note 5d in the Notes to the Consolidated Interim Financial Statements). Recent drilling success at Lobo has provided increased incentive for holders to exercise their warrants and Mindoro is confident that new opportunities will also become available for financing and/or joint ventures. Mindoro will continue to evaluate, develop, and seek out joint venture and new financing opportunities to advance its projects in the Philippines and to increase shareholder value.

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MINDORO RESOURCES LTD.**Consolidated Balance Sheets**

(Unaudited)



	March 31		December 31
	2003		2002
ASSETS			
CURRENT			
Cash and short-term investments	\$ 220,209	\$	158,301
Accounts receivable	33,422		27,626
Prepaid expenses	10,498		9,567
Security deposits	-		-
	264,129		195,493
ROYALTY DEPOSITS	26,842		28,086
MINERAL PROPERTIES AND DEFERRED COSTS (Note 2)	2,472,071		2,423,263
PROPERTY AND EQUIPMENT (Note 3)	20,055		19,572
	\$ 2,783,098	\$	2,666,415
LIABILITIES			
CURRENT			
Accounts payable and accrued charges (Note 4)	\$ 138,461	\$	147,374
	138,461		147,374
SHAREHOLDERS' EQUITY			
Share capital (Note5)	8,390,209		8,219,877
Contributed Surplus	117,300		117,300
Deficit	(5,862,872)		(5,818,136)
	2,644,637		2,519,041
	\$ 2,783,098	\$	2,666,415

MINDORO RESOURCES LTD.
Consolidated Statements of Loss and Deficit
(Unaudited)



	Three Months Ended March 31	
	2003	2002
REVENUE		
Interest	\$ 1,251	\$ 299
EXPENSES		
Administration	670	-
Advertising and promotion	4,620	3,951
Communications	1,038	968
Conferences and trade shows	2,402	2,271
Consulting and professional fees	1,688	1,104
Listing fees and shareholder communications	3,867	2,769
Office, postage and sundry	4,964	4,241
Printing	859	1,114
Rent	2,474	3,477
Salaries and benefits	12,228	13,570
Travel	2,152	5,086
Depreciation and amortization	2,116	2,347
	39,078	40,898
LOSS BEFORE OTHER CHARGES	37,827	40,599
OTHER CHARGES (INCOME)		
Foreign exchange loss	6,910	19,928
	6,910	19,928
NET LOSS	44,737	60,526
DEFICIT, BEGINNING OF PERIOD	5,818,135	5,576,548
DEFICIT, END OF PERIOD	\$ 5,862,872	\$ 5,637,074
BASIC AND DILUTED (GAIN) LOSS PER SHARE	\$ 0.002	\$ 0.003
WEIGHTED AVERAGE SHARES OUTSTANDING	25,665,351	20,467,529

MINDORO RESOURCES LTD.
Consolidated Statements of Cash Flow
(Unaudited)



	Three Months Ended March 31	
	2003	2002
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Net loss	\$ (44,737)	\$ (60,526)
Items not affecting cash		
Depreciation and amortization	2,116	2,347
	(42,621)	(58,179)
Increase in royalty deposits	1,244	322
Changes in non-cash working capital	(15,641)	(34,071)
	(57,018)	(91,928)
INVESTING		
Security deposits	-	-
Expenditures on mineral properties and deferred costs	(48,808)	(16,056)
Acquisition of property and equipment	(2,598)	(1,240)
	(51,406)	(17,296)
FINANCING		
Issue of share capital, net of issuance costs	170,332	-
	170,332	-
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	61,908	(109,224)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	158,301	177,448
CASH AND SHORT-TERM INVESTMENTS, END OF PRIOD	\$ 220,209	\$ 68,224

MINDORO RESOURCES LTD.**Notes to the Consolidated Interim Financial Statements**

For the Three Months Ended March 31, 2003

**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, following the same accounting policies and methods of computation as the most recent annual audited financial statements as at December 31, 2002. These interim financial statements should be read together with the Company's most recent annual audited financial statements.

2. DEFERRED EXPLORATION COSTS

Project	Opening	Expenditures	Write-Down	Closing
Agata	\$ 1,018,398	\$ 916	\$ -	\$ 1,019,314
Tapian	449,827	933		450,760
Pan de Azucar	597,773	-36,345		561,428
Lobo	24,577	72,248		96,825
Archangel	25,245	11,055		36,300
Other	307,442	-		307,443
	\$ 2,423,263	\$ 48,807	\$ -	\$ 2,472,071

3. PROPERTY AND EQUIPMENT

	Cost	Depreciation	Value
Office furnishings	\$ 19,574	# \$ 14,704	\$ 4,870
Office equipment	9,650	7,405	2,245
Computer software	37,930	32,958	4,972
Computer hardware	47,277	37,956	9,321
Leasehold improvements	16,518	17,870	(1,353)
	\$ 130,948	\$ 110,893	\$ 20,055

4. RELATED PARTY TRANSACTIONS

- a. On January 13, 2003, the Company issued 61,922 Common shares at a price of \$0.11 per share to a director to settle an outstanding liability of \$6,811 for consulting fees rendered during 2002 (Note 5a).
- b. Subject to regulatory approval, the Company intends to issue 272,726 Common shares to satisfy a \$95,000 compensation liability owed to two officers of the Company.
- c. On March 27, 2003, the Company issued 100,000 units to an officer of the Company pursuant to a Private Placement (Note 5b).

MINDORO RESOURCES LTD.
Notes to the Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2003



5. SHARE CAPITAL

Authorized

Unlimited number of common shares

Unlimited number of preferred shares

	<u>Number</u>	<u>Amount</u>
Issued		
Common shares		
Balance, beginning of period	24,503,429	\$ 8,219,878
Issued for services (a)	61,922	6,756
Issued for Private Placement (b)	1,100,000	163,575
Balance, end of period	25,665,351	\$ 8,390,209
Common share purchase warrants		
Balance, beginning of period	6,742,926	-
Issued (b)	550,000	-
Expired (c)	(1,881,163)	-
Balance, end of period	5,411,763	-

- a. On January 13, 2003, the Company issued 61,922 Common shares at a price of \$0.11 per share to a director to settle an outstanding liability for consulting fees rendered during the year 2002, in the amount of \$6,811.
- b. Pursuant to a private placement, the Company issued 1,100,000 Units at a price of \$0.15 per Unit for proceeds of \$165,000. Each Unit consisted of one Common share and one-half of a Common share purchase warrant. Each whole warrant is exercisable into one Common share of the Company at a price of \$0.30 until March 27, 2004, and thereafter at \$0.50 until March 27, 2005 at which time they expire.
- c. 1,881,163 purchase warrants, exercisable at a price of \$0.30, expired on January 16, 2003.
- d. A summary of the Company's share purchase warrants is as follows:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
1,500,000	\$ 0.15	July 10, 2003
	\$ 0.30	July 10, 2004
2,114,900	\$ 0.15	September 9, 2003
	\$ 0.30	September 9, 2003
421,000	\$ 0.15	October 4, 2003
	\$ 0.30	October 4, 2004
211,490	\$ 0.11	September 9, 2004
42,100	\$ 0.11	October 4, 2004
572,273	\$ 0.30	August 1, 2003
		August 1, 2004
		August 1, 2005
550,000	\$ 0.30	March 27, 2004
	\$ 0.50	March 27, 2005

MINDORO RESOURCES LTD.
Notes to the Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2003



Incentive Share Options

	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>
Outstanding at beginning of period	1,894,000	\$0.16
Granted	560,000	\$0.15
Forfeited	(245,000)	\$0.32
<u>Outstanding at end of period</u>	<u>2,209,000</u>	<u>\$0.16</u>
<u>Options exercisable at end of period</u>	<u>2,209,000</u>	<u>\$0.16</u>

The following table summarizes share options outstanding at March 31, 2003:

<u>Exercise Prices</u>	<u>Outstanding</u>	<u>Life (Years)</u>	<u>Price</u>
\$0.10 to \$0.14	1,300,000	3.88	\$0.12
\$0.15 to \$0.23	909,000	3.9	\$0.17
	<u>2,209,000</u>	<u>3.89</u>	<u>\$0.14</u>

During the period, the following share options were issued:

<u>Optionee</u>	<u>Date Issued</u>	<u>Date Expires</u>	<u>Options Issued</u>
J.A. Climie	March 3, 2003	March 3, 2008	160,000
P. Gould	March 3, 2003	March 3, 2008	70,000
G. Kirchner	March 3, 2003	March 3, 2008	70,000
R. Morton	March 3, 2003	March 3, 2008	70,000
O. Reyes	March 3, 2003	March 3, 2008	70,000
N.R. Toreson	March 3, 2003	March 3, 2008	70,000
Employees of Subsidiary	March 3, 2003	March 3, 2008	50,000
			<u>560,000</u>

6. DIRECTORS AND OFFICERS

Roger D. Morton, Ph.D., P.Geol.	<i>Chairman, Director</i>
James A. Climie, B.Sc.(Hons.), P.Geol.	<i>President, CEO, Director</i>
Gerhard F. Kirchner, Ph.D., P.Eng.	<i>Director</i>
Oscar S. Reyes, B.A., MBA	<i>Director</i>
N. Reid Toreson, B.Comm.	<i>Director</i>
Penny M. Gould, B.Ed.	<i>Executive Vice President, Corporate Secretary</i>

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