MINDORO
RESOURCES LTD

Consolidated Interim Financial Statements
(Unaudited)

September 30, 2005

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

MINDORO RESOURCES LTD.
Management's Discussion and Analysis
Nine months ended September 30, 2005

This Management Discussion and Analysis for the nine months ended September 30, 2005 should be read in conjunction with the unaudited interim consolidated financial statements and the audited annual financial statements.

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.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain economically recoverable reserves. The recovery of expenditures on mineral properties and the related deferred exploration expenditures are dependent upon the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and the development of the mineral properties, and upon future profitable production or alternatively, on the sufficiency of proceeds from disposition.

The following information, prepared as of November 15, 2005, should be read in conjunction with the September 30, 2005, unaudited interim consolidated financial statements and the December 31, 2004 audited consolidated financial statements, which have been prepared in accordance with Canadian generally accepted accounting principals. All amounts are expressed in Canadian dollars, unless otherwise indicated.

OVERALL PERFORMANCE

Batangas Projects

Lobo

Geophysical surveys at Lobo gave strong indications of at least two buried porphyry copper-gold systems: Pica and Calumpang. The Pica prospect is reflected by a large and strong geophysical (induced polarization) anomaly covering approximately 1.5 kilometers by two kilometers. Drilling on the Pica Prospect commenced in May 2005 and two holes have been drilled to date.

As announced in press releases dated June 22 and August 25, 2005, independent petrographic (microscope) work on alteration and mineralization features intersected in the first drill hole at Pica, especially the presence of potassium feldspar alteration and the copper mineral chalcopyrite, confirmed that Pica is a porphyry copper-gold system. The drill hole was interpreted as being in the upper or outer parts of the mineralization system. The core contained sections of cross-cutting quartz veins, containing abundant pyrite, magnetite and minor chalcopyrite. From 385 meters to 425 meters, a distance of 40 meters, the core assayed 0.13 grams per tonne (g/t) gold. Short sections, three meters in length, of the drill core assayed up to 0.12 percent copper, with an overall average of 201 parts per million copper over the 376 meters of core sampled. Silicification is increasing with depth. The anomalous gold and copper values are consistent with being proximal to the core mineralization of the porphyry system. Very heavily clay-altered and fractured rock encountered in the bottom 80 meters created drilling difficulties that led to the abandonment of the drill hole at a depth of 436 meters.

A larger capacity drill rig, better able to handle the drilling conditions, was mobilized to the site in August and commenced drilling a second hole 150 meters away with the objective of intersecting the central core of potassic alteration, which is associated with the highest grades of porphyry copper-gold deposits.

Preliminary results from the second drill hole (Pica 2) were announced in a press release dated October 21, 2005. In its upper sections, Pica 2 intersected significant porphyry copper-gold mineralization and alteration consistent with that found in the upper or outer margins of a porphyry deposit.

Between 22 and 235 meters, Pica 2 intersected 213 meters at a grade of 0.18 percent copper, 0.30 grams per tonne (g/t) gold and 1.91 g/t silver. This includes 19.30 meters from 22 to 41.30 meters grading 0.12 percent copper, 0.74 g/t gold and 3.0

g/t silver, and from 82.80 to 123.65 meters, 40.90 meters at a grade of 0.24 percent copper, 0.99 g/t gold and 5.67 g/t silver.

Typical argillic lithocap was intersected between 0 and 22 meters and then phyllic-altered volcanics to 197 meters, with multi-episodic porphyry-style quartz-magnetite-pyrite veinlets containing chalcopyrite and traces of bornite (both copper minerals). Between 197 and 250 meters, potassic-altered (secondary K-spar and biotite) volcanics with similar mineralized veinlets were intersected. Between 250 and 304 meters, phyllic-altered volcanics veined with quartz-magnetite and containing traces of chalcopyrite, were intersected.

Phyllic-altered quartz diorite stockworked with similar veinlets was intersected between 304 and 340 meters. A late mineralization, weakly altered (propylitic) diorite dyke, veined in places with quartz ± magnetite and with rare inclusions of chalcopyrite, was intersected between 340 and 438 meters. Between 438 and 530 meters, potassic-altered quartz diorite was intersected with silicification, quartz-anhydrite-chalcopyrite veins and chalcopyrite and bornite disseminations increasing with depth. Four younger, narrow epithermal veins with moderate gold grades are telescoped into the porphyry system. Lower sections of the hole, from 530 meters to the bottom of the hole at 702 meters, and from which assays are awaited, appear to be in the main part of the porphyry system.

A second strong geophysical target at Lobo, Calumpang, is located immediately to the northeast of Pica and plans are being made to drill Calumpang in December 2005.

Archangel

Epithermal gold-silver mineralization at Archangel is associated with gold-in-soil anomalies that extend semi-continuously over at least four kilometers by one kilometer. Geological mapping and reconnaissance rock sampling has traced the mineralization a distance of at least two kilometers.

Previous drilling in the 1990s, carried out in a small part of the prospect, intersected low-grade gold mineralization averaging about 0.7 grams per tonne (g/t) in an area of approximately 600 meters by 400 meters. Mineralization is open in several directions. Since the mineralization is near-surface and within the grade ranges being heap-leached elsewhere in the world, Mindoro is carrying out an evaluation of the open-pit, heap-leach potential of the prospect. Preliminary bottle roll metallurgical test work reported on January 14, 2004, was largely positive.

For the second phase test, a 245 kilogram sample was collected from a trench and submitted to Metcon Laboratories in Australia. Head grade was 3.58 g/t gold and 51 g/t silver. The material was crushed to 12.7 mm (0.5 inch). Approximately 20.61 kilograms of material were leached in a column 1.85 meters tall. The material leached exceptionally well, with 87.1 percent extraction of gold after only seven days. This high gold extraction is exceptional and not much less than the 94.4 percent obtained in a CIL test at a grind of 80 percent passing 75 microns.

Highest gold grade and gold extraction were obtained from the coarsest fraction (-50 + 37.5 mm), indicating a coarser grind could be used. A coarse crush size would reduce costs and improve heap agglomeration and percolation. A new test is under way using a coarser crush size.

In conjunction with planned drill-testing of promising porphyry copper-gold targets below the epithermal gold mineralization (see news release dated March 15, 2005), non-oxide samples will be collected for leach testing. The previous bottle roll testing of non-oxide material indicates at least some of the non-oxide material leaches well (see news release dated January 14, 2004). Geological work, to be followed by drilling, is in progress to establish the resource potential of the Archangel gold-silver prospect.

Strong chargeability and resistivity anomalies, outlined semi-continuously over six kilometers, are interpreted as being related to a cluster of porphyry copper-gold systems at Archangel.

As reported in press releases dated March 5 and May 11, 2005, combined induced polarization and magnetic surveys defined, what appears to be, four separate anomalies. Inverse modeling of data is currently being carried out to more precisely define the anomalies. The anomalies and associated alteration and copper-gold showings are consistent with porphyry copper-gold targets. Some of the resistivity anomalies are believed to reflect epithermal quartz-gold-silver mineralization at shallower depths, which is the subject of ongoing resource evaluation and metallurgical testing.

Reconnaissance geological work and prospecting indicates that the copper-gold mineralized trend at Archangel extends for another four to five kilometers to the northeast. Once the geological work has been completed, the geophysical crew will be re-mobilized to survey this newly-recognized extension.

Batangas Regional

Mindoro has applications on another 22,415 hectares surrounding the Lobo and Archangel Projects and encompassing multiple porphyry copper-gold prospects. In a press release dated October 04, 2005 the Company reported that high-grade copper trench results, along with coincident soil copper and induced polarization anomalies, have confirmed the presence of a porphyry copper-gold target on the El Paso Prospect, located in this application area of the Batangas Region.

El Paso is located within a major structural boundary between the older San Juan Diorite basement to the northeast and younger intrusive and volcanic rocks to the southwest. The Taysan porphyry copper-gold deposit of Phelps Dodge also occurs in this very favorable structural setting, 11 kilometers to the northwest. Taysan has an estimated resource of 600 million tons grading 0.31 percent copper and 0.3 g/t gold and contains a higher grade section of 120 million tons grading 0.9 percent copper and 0.9 g/t gold (Chase Resources Engineering Report, 1995).

Work at El Paso indicates that significant and widespread copper-gold mineralization occurs associated with the younger andesite porphyry intrusions, as well as the older, more eroded San Juan Diorite. The mineralization associated with the former is the principal target.

In the North Sector, an induced polarization (IP) survey over two lines defined chargeability and resistivity anomalies. The IP expression resembles that of Philippine porphyry copper-gold systems. The anomalies are open to the north, west and east and the IP crew is being mobilized to extend the survey. An orientation soil geochemistry line defined strong copper-in soil anomalies coincident with the IP anomalies. Phyllic and biotite-altered float found in the area confirm that El Paso is a porphyry copper-gold system. Additional soil and geophysical surveys are in progress to bring El Paso rapidly to the drill stage.

A trenching and channel sampling program was carried out in parts of both the North and South Sectors,. High copper values in the 1% plus range were outlined in most trenches over lengths from three meters to 30 meters. A table of full results is available with the October 4, 2005 press release on the Company's website, at www.mindoro.com.

El Paso brings the number of porphyry copper-gold targets defined on the Batangas Projects to ten.

Surigao Projects

The Surigao Joint Venture holds one of the largest land positions in the Surigao Gold District where there have been several significant porphyry copper-gold discoveries in recent years. The Surigao Joint Venture partners are Mindoro, Minimax Mineral Exploration Corp., a private Philippine company, and Panoro Minerals Ltd., the current funding partner. At production, if all options are exercised, Mindoro will hold a 57.5 percent interest in the projects under the Surigao Joint Venture and Panoro will hold the remaining 42.5 percent.

Two phases of exploration during the past year defined nine porphyry copper-gold prospects on the Surigao Projects, which encompass the Agata, Tapian San Francisco, Tapian Main, and Mat-I Projects. Five porphyry copper-gold prospects, located on the Tapian San Francisco and Agata Project, are now drill-ready. An aggressive 2005-2006 field program is underway, with the objective of drilling three to four of the Surigao porphyry copper-gold prospects within the next six to nine months. Drilling commenced on Agata in late October.

Agata

IP surveys on Agata defined especially strong and extensive chargeability anomalies, also in a favorable structural setting near the intersection of cross-faults with the Philippine Fault. Porphyry-related vein mineralization was drill-intersected on the Assmicor prospect by Mindoro in 1999. Recent work focused on bringing the Agata North and South porphyry prospects to the drill stage. The 2005 drill program recently commenced with the award of a 2,000 meter drilling contract to Diamond Drilling Corporation of the Philippines and drilling is now underway on the Agata North prospect.

As reported in a press release dated September 29, 2005, strong and extensive chargeability anomalies were defined earlier this year at Agata North by an induced polarization survey with correlating copper-zinc-gold-in-soil anomalies, extensive rock alteration and fracturing, and several copper showings. These stacked anomalies are consistent with a porphyry copper-gold system at depth.

At Agata South, a large and very strong chargeability anomaly with flanking resisitivity anomalies was defined. Porphyry-related alteration was also mapped near-by. Extensive copper-gold and zinc-in soil anomalies were defined as well as abundant epithermal gold prospects, some of which are being actively mined by artisanal miners. These multiple stacked anomalies point strongly to the presence of a porphyry copper-gold system at depth. Construction of a road to Agata South is currently underway and drill testing of this prospect will commence upon completion of drilling at Agata North.

Nickel Laterite Prospect

In June 2004, Taganito Mining Corporation was selected from several interested parties and granted the non-exclusive right to assess the nickel laterite potential of the Agata Project. Taganito carried out two phases of evaluation and reported encouraging results. Forty-eight surface laterite and rock samples were collected from an area of about 300 hectares, within a much more extensive area of nickel laterite mineralization. Nickel contents range from very low to a high of 2.09 percent, with most of the values exceeding 0.5 percent. Taganito consider these values to be within the range that normally cap the secondary nickel enriched zone and have recommended a detailed geological survey and drilling. However, as mentioned above, the Agata geophysical program also defined a number of large and strong anomalies, which are located in proximity to the nickel laterite.

Nickel laterite deposits occur at and near-surface, in highly-weathered ultra-mafic rocks. In the case of the Agata Project, the situation may occur where a nickel laterite deposit is overlying a gold or copper–gold deposit at depth below it. If this is the case, the Company would strive to maximize the economic return from the project by developing and exploiting both deposits. Therefore, discussions regarding exploration of the nickel laterite prospect were postponed, pending further evaluation of Agata's copper-gold potential.

Tapian San Francisco

At Tapian San Francisco, located about eight kilometers from the Boyongan and Bayugo porphyry copper-gold deposits of the Anglo American-Philex Gold joint venture, and in a similar structural setting, a cluster of seven geophysical anomalies were defined over the past year by Induced Polarization (IP) surveys. Of these, two porphyry copper-gold prospects, referred to as C5 and C6, are now at the drill stage. Both are reflected by extensive IP chargeability anomalies with capping resistivity anomalies and exhibiting a classic porphyry expression. These are coincident with porphyry-related rock alteration, and copper, gold and zinc-in-soil geochemical anomalies.

Copper, gold, zinc and molybdenum mineralization is associated with C6. High-grade copper-gold-silver mineralized vein-breccia diorite boulders (to 22.9 percent copper) are associated with C5 and interpreted as "leakage" from porphyry copper-gold mineralization nearby.

As announced in a press release dated November 2, 2005, more recent prospecting and geological work has located outcrops of phyllic-altered intrusives, 600 meters apart, with porphyry-style disseminated and vein mineralization grading in the order of one percent copper over sample lengths of 15 meters and 25 meters, found in the vicinity of the C5 and C6 anomalies. The outcrops were located in high terrain with heavy jungle cover, suggesting the potential to locate more such outcrops is high.

A channel sample of the most northern outcrop gave an average grade of 1.01 percent copper, 0.55 g/t gold and 19.02 g/t silver over 25 meters. An independent petrographic report confirmed the outcrop is strongly fractured and quartz-veined (sericite-clay-calcite (phyllic) altered quartz monzonite). Quartz-magnetite-pyrite-chalcopyrite (a copper mineral) mineralization occurs as disseminations and as veining. A channel 10 meters northeast of this assayed 0.14 percent copper, 0.4 g/t gold and 1.1 g/t silver over two meters; while an outcrop 75 meters to the southeast assayed 0.10 percent copper and 0.03 g/t gold over five meters.

Several outcrops of strongly silicified quartz diorite porphyry, with high-density quartz-pyrite-chalcopyrite veining, were located and sampled approximately 600 meters to the south and on geological trend. Results have been received from one of these outcrops, where a channel sample over 15 meters assayed 1.09 percent copper, 0.08 g/t gold and 13.03 g/t silver. Petrographic analysis conducted on a sample confirmed intense quartz-sericite-chlorite-pyrite (phyllic) alteration.

Plans are currently being made to build a road into Tapian San Francisco with the objective of drilling in early 2006.

Tapian Main

The geophysical Induced Polarization survey at Tapian Main defined a strong chargeability anomaly, coincident with intrusives, soil geochemical anomalies and alteration, that extends over an area of 1.4 kilometers by 600 meters and is open to the south. The clustering of multiple intrusions is typical of horizontal sections above the top of large magma chambers related to porphyry copper-gold systems. The porphyry target is likely deeper that those at Tapian San Francisco. Additional geophysical surveying is required to fully define the anomalies.

In a press release dated November 8, 2005, the Company announced the discovery of a new porphyry copper-gold prospect, called Bolobolo, located in an Exploration Permit application area of the Company's Tapian Main Project.

Porphyry deposits in the Surigao District are controlled by the intersection of northeast-trending faults with north-northwest trending splays of the major Philippine Fault system. Due diligence work by Mindoro defined, amongst many other structural targets, one such structural intersection set in the Bolobolo area. A small ground reconnaissance program was carried out in the area to determine its potential significance. Altered and mineralized float boulders and outcrop were located over a wide area at Bolobolo. Samples were submitted to an independent consulting petrologist for study.

Within the structural target, widespread propylitic alteration, characteristically the outer halo of a porphyry system, was defined in volcanics. Within this propylitic halo, outcrops and boulders of intense argillic, phyllic and calc-silicate alteration were located. Phyllic alteration (quartz-sericite-pyrite), which is characteristically proximal to the main mineralized core of porphyry systems, is intense, structurally controlled, and can be traced over three kilometers and observed up to 200 meters wide.

A mineralized float boulder of calc-silicate, located in a stream, contains abundant disseminations of the copper minerals chalcopyrite and bornite, as well as high-density quartz-bornite-magnetite veinlets. A representative grab sample assayed 1.344 percent copper, 17. g/t silver and 0.01 g/t gold. A float boulder of similar alteration and mineralization found in a stream, approximately 1.6 kilometers to the south, assayed 0.96 per cent copper, 4.9 g/t silver and 0.06 g/t gold. Calc-silicate mineralization characteristically occurs in limestone near Philippine porphyry copper-gold deposits. In a third stream, approximately 3 kilometers to the northeast, a boulder of silicified limestone assaying 1.92 percent copper was also found.

Mindoro has recommended to its joint venture partners that detailed evaluations be carried out at Bolobolo once the Exploration Permit has been granted.

Mindoro's President, Tony Climie, P.Geol., supervises all Mindoro's field programs and is a "qualified person" as defined by NI43-101.

RESULTS OF OPERATIONS

Interest income of $14,950 for the period ($6,345 for the quarter) was higher than interest income for the same period in 2004 of only $22 ($20 for the quarter) as the Company's cash position was significantly greater due to financing activities in the latter half of 2004 and purchase warrants exercised in 2005. Net loss for the first nine months of 2005 in the amount of $695,520 was slightly less than net loss of $727,715 in the same period of 2004. Stock based compensation expenses, from the issue of stock options, were $160,000 in 2005 compared to $364,600 expensed in the first nine months of 2004. Salary expense of $91,322 remained relatively constant in the first three quarters compared to salary expense of $91,253 in the first three quarters of 2004. Consulting and professional fees of $130,705 for the period were slightly higher than the fees of $119,277 in the same period of 2004; although fees for the third quarter of 2005 of $32,202 were more similar to the third quarter fees of 2004 of $30,700. The majority of the increase in consulting and professional fees were incurred in the second quarter ($67,619 in 2005 compared to $35,348 in the second quarter of 2004) due to increased audit related fees.

Advertising and promotions expenses in 2005 of $128,220 increased significantly over 2004 expenses of $35,354 due to increased investor relations and marketing activity during the period. Travel related to these activities also caused an increase in travel expenses for the period of $38,344 compared to travel expenses for the same period in 2004 of $19,081. However, conferences and trade show expenses dropped to $13,854 during the period, from $19,479 in the same period of 2004. The first nine months of 2005 also recorded a decrease in listing fees and shareholder communications, to $16,416 in 2005 from $25,392 in 2004. The higher expenses in 2004 were related to the Company's financing activities during that period. Increased depreciation and amortization charges of $8,711 during the period in 2005, up from $2,846 during the same period in 2004, were mainly related to purchases of computer equipment in 2005.

SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings Gain (Loss)	Earnings Gain (Loss) Per Share	Total Assets
September 30, 2005	$ (159,636)	$ (0.003)	$ 7,506,223
June 30, 2005	(189,333)	(0.004)	6,176,171
March 31, 2005	(346,552)	(0.008)	5,537,076
December 31, 2004	(72,341)	(0.002)	5,969,940
September 30, 2004	(224,101)	(0.007)	3,769,857
June 30, 2004	(85,386)	(0.003)	3,564,252
March 31, 2004	(418,227)	(0.013)	3,503,666
December 31, 2003	(82,176)	(0.003)	3,520,898

LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of September 30, 2005, Mindoro's cash position was $1,786,418, up from $1,295,541 as at December 31, 2004, due to receipt of $656,267 net proceeds from a private placement financing in the second quarter and receipt of $1,740,593 net proceeds from exercised purchase warrants during the first nine months. Accounts receivable increased to $143,272 as of September 30, 2005, up from $96,429 as of December 31, 2004 with the higher balance primarily related to an outstanding GST receivable in the amount of $52,175, plus a $31,878 advance to drilling contractor East West Drilling Limited, and $29,916 due from an officer and director of the Company. Prepaid expenses increased as well, to $58,615 as of September 30, 2005, up from $12,433 as of December 31, 2004, as the Company paid an advance of approximately $41,000 to a company in the Philippines for drilling services. Cash calls receivable from our joint venture partner at the end of the period was $151,857 compared to $48,324 as of December 31, 2004. Accounts payable and accrued charges of $66,800 as at September 30, 2005, was a marked decrease from the balance as at December 31, 2004, of $232,468.

In the first nine months of 2005, $1,111,665 was expended on Investing Activities ($530,848 during the quarter). During the period, $1,132,381 spent on Exploration Activities in the Philippines, less management recovery fees of $20,716. Management recovery fees, which are paid to the Company in its capacity as operator of the Surigao joint venture, are offset against non-joint venture related deferred exploration expenditures. The total amount of deferred exploration on existing properties as at September 30, 2005 was $5,313,756. During the period, 5,180,335 purchase warrants and 447,000 stock options were exercised for proceeds of $1,740,593 and $447,000, respectively, net of issue costs.

CAPITAL RESOURCES

Some of the following commitments are denominated in Philippine Pesos ("PP"). At September 30, 2005, 48.193 PP = $1CDN.

Memorandum of Agreement

Pursuant to a Memorandum of Agreement ("MOA") dated January 19, 1997 with Minimax Mineral Exploration Corporation ("Minimax"), the Company was granted the right to earn options to earn up to a 75 percent working interest in five mineral properties: Agata, Tapian, Pan de Azucar, Mat-I and Lahuy, located in the Philippines. Under the terms of the MOA, the Company may earn working interests of 10 percent, 30 percent and 35 percent in each of the properties by completing phases one, two and three, respectively, as follows:

(i) Phase one - incurring an aggregate of 20,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA;

(ii) Phase two - incurring an aggregate of 75,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA; and

(iii) Phase three - incurring an aggregate of 75,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA.

Once a phase expenditure requirement has been met on a property, the Company has the option to enter the next phase of the project by issuing 50,000 and 100,000 Common shares to Minimax for each of phase two and phase three of the property entered into, respectively.

As at September 30, 2005, the Company has met phase three expenditure requirements on the Agata and Tapian properties, phase two expenditure requirements on the Pan de Azucar property, and phase one expenditure requirements on the Mat-I property. In accordance with the MOA, 500,000 Common shares of the Company have been issued to Minimax to September 30, 2005.

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.

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. The Interest Option also requires the Company to issue 200,000 Common shares to Minimax as additional consideration for granting the option. The shares, having a fair value of $54,000, were recorded as issuable at December 31, 2003 and were issued during 2004.

Subsequent to the period, the Company's subsidiary, MRL Gold Phils 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 an 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. Subject to regulatory approval, the Company shall issue 75,000 Company Common shares to Minimax. 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.

Surigao Option Agreement

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 on or before June 21, 2005;

(ii) $450,000 on or before June 21, 2006; and

(iii) $600,000 in each of the years ending June 21, 2007 and 2008.

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 the granting of 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.

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. As such, as part of the SOA, Panoro is to reimburse the Company costs of acquiring the property, and will incur all further obligations under the Bautista-Agata Agreement until the Surigao Option Period expires, or the Agata property becomes an excluded property.

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. As such, it will now be part of the SOA and Panoro will reimburse the Company for the costs of acquiring the property, assume the obligation to deliver the 40,000 Mindoro Common shares and 40,000 Panoro Common shares, and will incur all further obligations under the Bautista-Tapian Agreement until either the Surigao Option Period expires, or the Tapian property becomes an excluded property.

On October 18, 2005, the Company entered into an Agreement to Explore, Develop and Operate Mineral Property ("the Canaga Agreement") and acquired mineral exploration, development and production rights on 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 Agreement:

(i) Issue 125,000 Company Common shares upon registration of the EPs.

(ii) Issue 175,000 Company Common shares on the first anniversary of the registration of the EPs.

(iii) Payment to the vendor of quarterly advance royalties in the amount of 142,000 PP commencing after registration of the EPs.

Panoro has the option to include the Canaga acquisitions in the Surigao Option Agreement, and earn a 40 percent interest. When a feasibility study begins, if Panoro has exercised its option, the vendor will receive 200,000 Panoro Common shares, 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.

Egerton Agreement

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. As of September 30, 2005, the Company has met phase one expenditure requirements and has exercised its option to enter into phase two; 500,000 Common shares were subsequently issued to Egerton. 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 September 30, 2005.

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.

TRANSACTIONS WITH RELATED PARTIES

(a) Accounts receivable and advances as at September 30, 2005 includes $29,916 due from an officer and director of the Company; and $ 31,878 advanced to East West Drilling; a director of the Company is also the managing director of East West Drilling.

(b) Consulting and professional fees expense for the period includes $7,475 paid to a director of the Company, and $45,000 paid for investor relations to Ascenta Capital; a director of the Company is also a principal of Ascenta. Advertising and promotions expense includes $33,502 also paid to Ascenta.

(c) Mineral properties and deferred costs for the period includes $2,557 paid to a director of the Company for consulting work on the properties.

CAPITAL STRUCTURE

Authorized:
Unlimited number of Common shares
Unlimited number of Preferred shares

Issued - Common shares	**Number**
Balance, December 31, 2004	44,201,867
Obligation to issue shares cancelled	(40,000)
Issued on exercise of purchase warrants	5,180,335
Issued pursuant to private placement	2,117,500
Issued upon exercise of stock options	447,000
Issuable for mining properties	500,000
Balance, September 30, 2005	**52,406,702**
Common share purchase warrants	
Balance, December 31, 2004	13,068,361
Issued on exercise of agent's warrants	831,548
Issued pursuant to private placement	1,058,750
Warrants exercised	(5,180,335)
Warrants expired	(1,307,273)
Balance, September 30, 2005	**8,471,051**
Stock options	
Balance, December 31, 2004	2,830,000
Issued	1,215,000
Exercised	(447,000)
Forfeited	(40,000)
Balance, September 30, 2005	**3,558,000**

1) Mindoro had obligations to issue 90,000 Common shares with a stated valued of $24,550 as of December 31, 2004. In 2005, Panoro assumed Mindoro's obligation to issue 40,000 Company shares as described in item (d) below. No additional entry is necessary upon issue of the remaining 50,000 shares in 2005. To follow is a summary of the share obligations recorded as at December 31, 2004, and issued in 2005 and share obligations as of September 30, 2005:

   a) Pursuant to an agreement with Panoro Minerals Ltd., ("the Surigao Option Agreement") Panoro became obligated during 2004 to deliver to the Company 50,000 Common shares of the Company. The expected receipt of these shares was netted against the Company's obligation to issue 100,000 Common shares to Minimax Mineral Exploration, as described below.

   b) Pursuant to the Company's Memorandum of Agreement with Minimax, 100,000 Common shares were committed to be issued in 2004 to Minimax as the Company elected to enter into phase three on the Tapian property. These shares were recorded as Common shares issuable as at December 31, 2004, at fair value, on the date the Company exercised the option, of $27,500, less the 50,000 Common shares deliverable by Panoro Minerals Ltd. at fair value of $13,750, for a net obligation of $13,750. These shares were issued in 2005.

   c) Pursuant to an Agreement to Explore, Develop and Operate Mineral Property ("the Bautista-Tapian Agreement") the Company was obligated to issue to the property vendor 40,000 Common shares of the Company and 40,000 Common shares of Panoro. The 40,000 Company shares were recorded as issuable at December 31, 2004, at fair value on the date of signing of $10,800. The fair value of the Panoro Common shares on the date of signing of $6,800 was included in accounts payable and accrued liabilities at December 31, 2004.

   d) In January, 2005, Panoro exercised its option to include the property acquired by the Company under the Bautista Tapian Agreement within the Surigao Option Agreement. Upon exercising this option, Panoro assumed the obligation to issue 40,000 Common shares of the Company and 40,000 Common shares of Panoro. The fair value of these shares as recorded at December 31, 2004 was reversed in January 2005.

   e) As of September 30, 2005, the Company exercised its option to enter into phase two on the Lobo and Archangel Properties by issuing 500,000 Company Common shares. The 500,000 Company common shares were recorded as issuable at September 30, 2005, at fair value of $170,000 and subsequently issued to Egerton in November 2005.

FORWARD LOOKING STATEMENTS

Some of the statements contained in this report are forward-looking statements, such as estimates that describe the Company's future plans, objectives or goals. This includes words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events or conditions, by their very nature they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Additional information relevant to the Company's activities is available on SEDAR at www.sedar.com.

CONSOLIDATED BALANCE SHEETS

MINDORO
RESOURCES LTD

		September 30 2005		December 31 2004
ASSETS				
CURRENT				
Cash and short-term investments	**$**	**1,786,418**	$	1,295,541
Accounts receivable		**143,272**		96,429
Prepaid expenses		**58,615**		12,433
Cash call receivable (Note 5)		**151,857**		48,324
		2,140,161		1,452,727
ROYALTY DEPOSITS		**28,635**		28,396
MINERAL PROPERITIES AND DEFERRED COSTS (Note 2)		**5,313,756**		4,202,091
PROPERTY AND EQUIPMENT (Note 3)		**23,671**		13,726
	$	**7,506,223**	$	5,696,940
LIABILITIES				
CURRENT				
Accounts payable and accrued charges (Note 4)	**$**	**66,800**	$	232,469
		66,800		232,469
SHAREHOLDERS' EQUITY				
Share capital (Note 6)		**14,274,461**		11,627,155
Contributed Surplus		**909,938**		886,771
Deficit		**(7,744,975)**		(7,049,455)
		7,439,424		5,464,471
	$	**7,506,223**	$	5,696,940

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

MINDORO
RESOURCES LTD

	Quarter Ended September 30		Nine Months Ended September 30	
	2005	2004	**2005**	2004
REVENUE				
Interest	**$ 6,345**	$ 20	**$ 14,950**	$ 22
EXPENSES				
Administration	**(0)**	(0)	**793**	706
Advertising and promotion	**35,637**	19,631	**128,220**	35,354
Communications	**2,009**	1,920	**5,814**	4,909
Conferences and trade shows	**8,006**	14,757	**13,854**	19,479
Consulting and professional fees	**32,202**	30,700	**130,705**	119,277
Listing fees and shareholder communications	**5,394**	13,996	**16,416**	25,392
Office, postage and sundry	**5,897**	4,250	**20,055**	22,821
Printing	**787**	6,716	**5,038**	10,872
Rent	**3,078**	2,593	**7,601**	7,760
Salaries and benefits	**35,543**	32,246	**91,322**	91,253
Stock based compensation		73,000	**160,000**	364,600
Travel	**13,145**	14,550	**38,344**	19,081
Depreciation and amortization	**5,638**	1,019	**8,711**	2,846
	147,336	215,379	**626,873**	724,350
LOSS BEFORE OTHER CHARGES	**(140,991)**	(215,359)	**(611,923)**	(724,328)
OTHER CHARGES (INCOME)				
Foreign exchange loss	**18,645**	8,743	**83,597**	3,386
	18,645	8,743	83,597	3,386
NET LOSS	**(159,636)**	(224,102)	**(695,520)**	(727,715)
DEFICIT, BEGINNING OF PERIOD PREVIOUSLY STATED	**7,585,339**	6,816,178	**7,049,455**	6,128,365
RESTATEMENT ON CHANGE IN ACCOUNTING POLICY				184,200
DEFICIT BEGINNING OF PERIOD RESTATED	**7,585,339**	6,816,178	**7,049,455**	6,312,565
DEFICIT, END OF PERIOD	**$ 7,744,975**	$ 7,040,280	**$ 7,744,975**	$ 7,040,280
BASIC AND DILUTED (GAIN) LOSS PER SHARE	**$ 0.003**	$ 0.007	**$ 0.015**	$ 0.023
WEIGHTED AVERAGE SHARES OUTSTANDING	**52,101,713**	32,610,451	47,004,265	32,099,969

CONSOLIDATED STATEMENTS OF CASH FLOWS

MINDORO
RESOURCES LTD

	Quarter Ended September 30		Nine Months Ended September 30	
	2005	2004	**2005**	2004
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net loss	**$ (159,635)**	$ (224,101)	**$ (695,520)**	$ (727,715)
Items not affecting cash				
Stock Based Compensation	**-**	73,000	**160,000**	364,600
Depreciation and amortization	**5,638**	1,017	**8,711**	2,845
	(153,997)	(150,084)	**(526,809)**	(360,270)
Increase in royalty deposits	**1,463**	(1,729)	**(239)**	(4,762)
Changes in non-cash working capital	**(138,323)**	7,961	**(362,227)**	144,881
	(290,857)	(143,852)	**(889,275)**	(220,151)
INVESTING				
Expenditures on mineral properties and deferred cost	**(530,848)**	(191,579)	**(1,111,665)**	(437,130)
Acquisition of property and equipment	**(11,810)**	(914)	**(18,655)**	(4,476)
	(542,658)	(192,493)	**(1,130,320)**	(441,606)
FINANCING				
Issue of share capital, net of issuance costs	**1,658,564**	361,455	**2,510,472**	505,816
INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS	**825,049**	25,112	**490,877**	(155,941)
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	**961,369**	115,719	**1,295,541**	296,772
CASH AND SHORT-TERM INVESTMENTS, END OF PRIOD	**$ 1,786,418**	$ 140,831	**$ 1,786,418**	$ 140,831

1. SIGNIFICANT ACCOUNTING POLICIES

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, following the same accounting policies and methods of computation as the most recent annual audited financial statements as at December 31, 2004. These interim financial statements should be read together with the Company's most recent annual audited financial statements.

2. DEFERRED EXPLORATION COSTS

Project	Balance, December 31, 2003	Expenditures	Balance, December 31, 2004	Expenditures	Management Fee Recovery	**Balance, Sept. 30, 2005**
Agata	$ 1,133,833	$ (114)	$ 1,133,719	$ (38,384)	$ (10,735)	**$ 1,084,600**
Tapian	562,899	85,649	648,548	(75,312)	(9,981)	**$ 563,255**
Lahuy	103,361	-	103,361	-	-	**$ 103,361**
Mat-I	27,000	15,017	42,017	2,302	-	**$ 44,319**
Pan de Azucar	665,454	22,345	687,799	8,773	-	**$ 696,572**
Batangas	-	16,374	16,374	48,747	-	**$ 65,121**
Lobo	496,108	731,483	1,227,591	683,427	-	**$ 1,911,018**
Archangel	122,921	195,004	317,925	502,828	-	**$ 820,753**
Laos	-	24,757	24,757	-	-	**$ 24,757**
	$ 3,111,576	$ 1,090,515	$ 4,202,091	$ 1,132,381	$ (20,716)	**$ 5,313,756**

3. CAPITAL ASSETS

	December 31, 2004			**September 30, 2005**		
	Cost	**Accumulated Depreciation**	**Net Book Value**	**Cost**	**Accumulated Depreciation**	**Net Book Value**
Computer hardware	$ 50,181	$ 44,844	$ 5,337	$ 56,945	$ 48,238	$ 8,707
Computer software	42,547	39,205	3,342	48,968	41,553	7,415
Office furniture and equipment	29,724	24,677	5,047	35,176	27,628	7,549
Leasehold improvements	16,517	16,517	-	16,517	16,517	-
	$ 138,969	**$ 125,243**	**$ 13,726**	**$ 157,606**	**$ 133,935**	**$ 23,671**

4. RELATED PARTY TRANSACTIONS

(a) Accounts receivable and advances as at September 30, 2005 includes $29,916 due from an officer and director of the Company; and $ 31,878 advanced to East West Drilling; a director of the Company is also the managing director of East West Drilling.

(b) Consulting and professional fees expense for the period includes $7,475 paid to a director of the Company, and $45,000 paid for investor relations to Ascenta Capital; a director of the Company is also a principal of Ascenta. Advertising and promotions expense includes $33,502 also paid to Ascenta.

(c) Mineral properties and deferred costs for the period includes $2,557 paid to a director of the Company for consulting work on the properties.

5. CASH CALLS RECEIVABLE

Funds due from the Company's joint venture partner are entered into the cash call receivable account.

6. SHARE CAPITAL

Authorized
Unlimited number of common shares
Unlimited number of preferred shares

	Number		Stated Value
Issued			
Common shares			
Balance, December 31, 2004	44,201,867	$	11,627,155
Obligation to issue shares cancelled (b)	(40,000)	$	(10,800)
Issued upon exercise of warrants (c)	5,180,335	$	1,740,593
Issued pursuant to private placement (d)	2,117,500	$	656,267
Issued upon exercise of stock options (e)	447,000	$	91,245
Issuable for mining properties (f)	500,000	$	170,000
Balance, end of period	**52,406,702**		**14,274,460**
Common share purchase warrants			
Balance, beginning of period (a)	13,068,361		
Issued pursuant to private placement (d)	1,058,750		
Issued pursuant to exercise of agents warrants (g)	831,548		
Exercised (c)	(5,180,335)		
Expired (h)	(1,307,273)		
Balance, end of period	**8,471,051**		

(a) On January 16, 2004, the company issued 500,000 Units at $0.30 per Unit for proceeds of $129,604, net of cash issue costs of $20,396. Each Unit consisted of one Common share and one-half Common share purchase warrant. Each whole Common share purchase warrant entitles the holder to acquire one Common share at $0.60 per share until January 16, 2005. The company issued 50,000 agent's warrants pursuant to this private placement exercisable into one Unit of the company at $0.30 per Unit until January 16, 2006, each Unit having the same terms as above. The fair value of the agent's warrants was estimated to be $13,145 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, expected volatility of 123%, risk-free interest rate of 2.84% and a 0% dividend yield. This was recorded as a share issue cost with a corresponding increase in contributed surplus.

On August 5, 2004, the company issued 831,112 Units at $0.225 per Unit for proceeds of $185,159, net of issue costs of $1,841. Each Unit consisted of one Common share and one Common share purchase warrant entitling the holder to acquire one Common share at $0.30 per share until August 4, 2006.

On October 29, 2004, the company issued 1,102,200 Units at $0.225 per Unit for proceeds of $245,756, net of issue costs of $2,239. Each Unit consisted of one Common share and one Common share purchase warrant entitling the holder to acquire one Common share at $0.30 per share until October 29, 2006.

Pursuant to a Short Form Offering document, the company issued 8,888,888 Units at $0.225 per Unit for gross proceeds of $2,000,000. Each Unit consisted of one Common share and one Common share purchase warrant entitling the holder to acquire one Common share at $0.30 per share until October 15, 2006. The company paid the agent a 9% cash commission on the gross proceeds of $180,000, granted 888,888 agent's warrants, issued the agent 50,000 Common shares and paid $91,440 in additional miscellaneous share issue costs. The agent's warrants entitle the holder to acquire one Unit of the company at $0.225 per Unit until October 15, 2006. The fair value of the agent's warrants was estimated to be $222,222 using the Black-Scholes option pricing model with the following assumptions: expected life of 2 years, expected volatility of 110%, risk-free interest rate of 3.2% and a 0% dividend yield. This was recorded as a share issue cost with a corresponding increase in contributed surplus. The fair value of the shares issued of $11,250 was recorded as a share issue cost with a corresponding increase in share capital.

(b) Pursuant to an agreement with Panoro Minerals Ltd., (“the Surigao Option Agreement”) Panoro became obligated during 2004 to deliver to the Company 50,000 Common shares of the Company. The expected receipt of these shares was netted against the Company’s obligation to issue 100,000 Common shares to Minimax Mineral Exploration, as described below.

Pursuant to the Company’s Memorandum of Agreement with Minimax, 100,000 Common shares were committed to be issued in 2004 to Minimax as the Company elected to enter into phase three on the Tapian property. These shares were recorded as Common shares issuable as at December 31, 2004, at fair value, on the date the Company exercised the option, of $27,500, less the 50,000 Common shares deliverable by Panoro Minerals Ltd. at fair value of $13,750, for a net obligation of $13,750. The Company issued the balance of 50,000 Common shares to Minimax in 2005, but no further entry was required.

Pursuant to an Agreement to Explore, Develop and Operate Mineral Property (“the Bautista-Tapian Agreement”) the Company was obligated to issue to the property vendor 40,000 Common shares of the Company and 40,000 Common shares of Panoro. The 40,000 Company shares were recorded as issuable at December 31, 2004, at fair value on the date of signing of $10,800. The fair value of the Panoro Common shares on the date of signing of $6,800 was included in accounts payable and accrued liabilities at December 31, 2004.

In January 2005, Panoro exercised its option to include the property acquired by the Company under the Bautista Tapian Agreement within the Surigao Option Agreement. Pursuant to exercising this option, Panoro assumed the obligation to issue 40,000 Common shares of the Company and 40,000 Common shares of Panoro. The fair value of these shares as recorded at December 31, 2004 was reversed in January 2005.

(c) Purchase warrants were exercised for net proceeds of $1,740,593. Stock-based compensation costs totaling $188,068, recorded as an increase to contributed surplus on issuance of purchase warrants in 2004, were reclassified to share capital upon the exercise of these warrants.

(d) Pursuant to a private placement, the company issued 2,117,500 Units at $0.32 per Unit for gross proceeds of $677,600 less finders' fees of $16,716 and additional costs of the issue amounting to $4,617. Each Unit consisted of one Common share and one half Common share purchase warrant. Each whole purchase warrant entitles the holder to acquire one Common share at $0.50 until the expiry date of October 13, 2006.

(e) The company issued 447,000 Common shares pursuant to the exercise of stock options for net proceeds of $91,245.

(f) These shares were issuable to Egerton Gold Philippines Inc. pursuant to the Company exercising its option to proceed to phase two on its Lobo and Archangel properties.

(g) These warrants were issued pursuant to the exercise of 831,548 Agent's warrants.

(h) Three issues of warrants expired during the period: 250,000 warrants with an exercise price of $0.60 expired in January; 500,000 warrants with an exercise price of $0.50 expired in March, and 557,273 warrants with an exercise price of $1.00 expired in August.

Incentive Share Options

The following table summarizes the status of the Company's stock option plan:

	Shares	**Weighted-Average Exercise Price**
Outstanding at beginning of period	2,830,000	$0.140
Issued	1,215,000	$0.280
Exercised	(447,000)	$0.200
Forfeited	(40,000)	$0.310
Outstanding at end of period	**3,558,000**	**$0.240**
Options exercisable at end of period	**3,483,000**	**$0.240**

Compensation cost for the period of $160,000 was recorded as stock-based compensation and $105,050 was recorded as mineral properties and deferred exploration .

The following table summarizes share options outstanding:

Exercise Prices	**Outstanding**	**Contractual Life (Years)**	**Exercise Price**
$0.10 to $0.14	765,000	1.5	$0.13
$0.15 to $0.23	838,000	2.66	$0.19
$0.24 to $0.36	1,955,000	5.37	$0.31
Total	**3,558,000**	3.90	**$0.24**

During the period, the following share options were issued:

Optionee	Date Issued	Date Expires	Options Issued
J.A. Climie	Feb. 3, 2005	Feb. 3, 2010	200,000
P. Gould	Feb. 3, 2005	Feb. 3, 2010	100,000
G. Kirchner	Feb. 3, 2005	Feb. 3, 2010	150,000
M. Farris	Feb. 3, 2005	Feb. 3, 2010	100,000
O. Reyes	Feb. 3, 2005	Feb. 3, 2010	100,000
P. Draper	Feb. 3, 2005	Feb. 3, 2010	100,000
Officer of subsidiary	Feb. 3, 2005	Feb. 3, 2010	100,000
Employees	Feb. 3, 2005	Feb. 3, 2010	265,000
Consultants	Apr. 5, 2005	Apr. 5, 2007	100,000
Total			**1,215,000**

7. CONTRIBUTED SURPLUS

Balance, beginning of period	$	886,771
Stock based compensation contributed	$	211,235
Agent's warrants exercised	$	(188,068)
Balance, September 30, 2005	**$**	**909,938**

8. SUBSEQUENT EVENTS

The following transactions took place subsequent to the period:

(1) The Company issued 118,000 Common shares pursuant to the exercise of stock options for gross proceeds of $26,800.

(2) The Company issued 150,000 stock options priced at $0.48 and 1,325,000 stock options priced at $0.96.

(3) The Company issued 50,000 purchase warrants pursuant to the exercise of Agent’s Warrants, and 443,300 Common shares pursuant to the exercise of purchase warrants for gross proceeds of $147,990.

9. DIRECTORS AND OFFICERS

Gerhard F. Kirchner, Ph.D., P.Eng.	*Chairman, Director*
James A. Climie, B.Sc.(Hons.), P.Geol.	*President, CEO, Director*
Peter R. Draper	*Director*
Marshall L. Farris	*Director*
Oscar S. Reyes, B.A., MBA	*Director*
A. Robson Garden, Q.C., B.A., LL.B	*Director*
Penny M. Gould, B.Ed.	*Executive Vice President, CFO, Corporate Secretary*