MINDORO
RESOURCES LTD

Consolidated Interim Financial Statements

(Unaudited)

September 30, 2006

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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

1. GENERAL

This discussion and analysis of financial position and results of operation is prepared as at November 28, 2006, should be read in conjunction with the un-audited consolidated financial statements for the nine months ended September 30, 2006, and the audited consolidated financial statements for the years ended December 31, 2005 and 2004 which 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 places 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.

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.

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 an Exploration Permit (EP). The remaining Batangas Regional ground is held under either MPSA or EP applications, which are in various stages of approval.

As of September 30, 2006, the Company had $5,404,364 in exploration expenditures on the Batangas Projects, including expenditures of $1,141,331 in the third quarter.

Kay Tanda-Pulang Lupa Epithermal Gold Prospects, Archangel Project
Drilling continued at Kay Tanda in the third quarter, where the Company has completed over 80 reverse circulation (RC) and 4 core drill holes to date (the western part of Kay Tanda was previously referred to as Pulang Lupa; however, based on induced polarization data, Pulang Lupa is now believed to be continuous with Kay Tanda at depth). Highlights of drilling include: 76 meters of 1.19 g/t gold from hole KTRC-44; 64 meters of 3.45 g/t gold, including 20 meters of 9.76 g/t gold, from hole KTRC-55; 52 meters of 11.5 g/t gold, including 21.3 meters of 23.50 g/t gold, from hole KTDH-04; and 64 meters of 3.45 g/t gold, including 20 meters of 9.76 g/t gold from hole PLRC23. Full drill results are available on the Company's website in press releases dated May 3 and 23; June 16, July 4 and 25; August 1, 8, 16, and 22; September 12 and 19; October 6, 10, 23, and 30, and November 14 and 27, 2006.

Early drill holes were dominantly within near-surface, generally flat-lying to gently-dipping blanket-like low-grade mineralization, which is partially to strongly oxidized. Drilling, especially at deeper levels, has encountered at least four steeper-dipping and much higher-grade zones, with bonanza grades in places, which are interpreted as structurally controlled upflow, or "feeder" zones. Such upflow zones can be associated with bonanza mineralization and constitute some of the world's best epithermal gold-silver deposits.

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. Only a relatively small part of the chargeability anomaly has been drill-tested to date; over about one kilometer by 300 to 600 meters at Kay Tanda. 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.

Drilling will continue to extend and evaluate the epithermal gold-silver and base-metals mineralization at Kay Tanda; especially targeting and extending the high-grade mineralization encountered in recent holes, and testing areas of enhanced chargeability. A number of the RC holes will be deepened with the core rig to test elevations below 150 meters. Some core holes will also be continued to greater depths where alteration and mineralization suggest proximity to porphyry mineralization. Preparatory work on a National Instrument 43-101-compliant resource report has commenced. Two metallurgical samples have been sent to Australia for testing and a third sample is being collected. This work will be followed by a scoping study.

Calo Porphyry Prospect, Batangas Region
The Company received approval from the Philippines Department of Environment and Natural Resources (DENR) in October for an Exploration Permit covering the Company's Calo prospect. As part of the Company's early stage due diligence on the property, as described in a March 6, 2006, press release, a reconnaissance geophysical survey has defined an extremely intense, very large, induced polarization chargeability [IP] anomaly. Most of the anomaly is covered by younger rocks but erosional windows expose porphyry-related alteration in places, as well as copper and gold showings. Based on Mindoro's work in the Batangas region, the anomaly is believed to reflect a cluster of porphyry centers along a strong northeast structural trend. Drilling is planned to commence in December.

El Paso Porphyry Prospect, Batangas Region
As described in the Company's October 4, 2005, and January 9, 2006, press releases, assay results from several trenches at El Paso gave over one per cent copper over intervals of from 10 to 20 meters. During reconnaissance IP work, a promising chargeability anomaly was partially defined one kilometer to the east of the surface copper mineralization. The El Paso Exploration Permit is currently in the advanced stages of the approval process with the Philippines DENR. Mindoro management believes El Paso represents a high priority drill target.

SURIGAO PROJECTS, NORTHERN MINDANAO
Mindoro has earned a 75% interest from a private Philippine company, Minimax Mineral Exploration Corporation, in the Surigao Projects, comprised of the Agata, Tapian San Francisco, Tapian Main, and Mat-I projects. Panoro Minerals Ltd. has earned a 40 percent interest from Mindoro in the Surigao Projects by funding two million dollars in exploration expenditures. At production, if all options are exercised, Mindoro would hold a 57.5 percent interest and Panoro would hold the remaining 42.5 percent. 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. The Surigao Joint Venture is comprised of Mindoro, Panoro and Minimax.

As of September 30, 2006, the Company had $1,820,529 in exploration expenditures on the Surigao Projects. In the third quarter, the Company spent $264,412 on the Surigao properties and, as operator of the Projects, received management fees of $97,807 from the Surigao Joint Venture.

Agata Project, Porphyry Prospects
As described the Company's November 20, 2006 press release, of five drill hole attempts on the Agata North and Agata sourth 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 2007.

An August 05, 2005, news release described results to date on the Agata Project where IP surveys had defined a cluster of strong and extensive chargeability anomalies in a favorable structural setting near the intersection of cross-faults with the Philippine Fault. The two strongest anomalies, Agata North and Agata South, were selected for drill testing. Porphyry-related vein mineralization had previously been intersected by Mindoro in 1999 on the Assmicor prospect, confirming the porphyry potential of the Agata Project. At Assmicor, porphyry-type quartz-magnetite-chalcopyrite veining grading 0.70% Cu and 0.19 g/t Au was intersected over 2.5 meters, as well as several gold-mineralized intercepts in east-dipping intrusive sills. The mineralization and alteration are interpreted by the Joint Venture consultant, Dr. Bruce Rohrlach, as being related to a porphyry system nearby to the east and he has strongly recommended follow-up on this target.

Agata North is a strong chargeability anomaly, extending over two kilometers by 300 to 400 meters wide, with correlating copper-zinc-gold-in-soil anomalies, extensive rock alteration and fracturing, and several copper showings. The stacked anomalies are consistent with a porphyry copper-gold system at depth. Drilling commenced in November, 2005. After over three months and three lost holes, the deepest of which reached only 123 meters in highly broken, sheared and gougy ultra-mafics, a new drill contractor was selected. A fourth drill hole was attempted and was lost at 233 meters in the ultra-mafic cap. Agata North remains a very high priority porphyry copper-gold target with a strong sulphide concentration indicated below the ultra-mafic cap, and with abundant indications of a porphyry setting. Mindoro will be working with drill contractors to devise a method of completing a hole into the target zone during early 2007, likely by pre-collaring an open hole through the cap ultra-mafic using a tricone bit and heavy drill muds, followed by coring.

Agata South is also a strong chargeability anomaly, with flanking resistivity anomalies, and extending over two kilometers of strike. Porphyry-related alteration has been mapped near-by. Extensive copper-gold and zinc-in soil anomalies have been defined, as well as copper showings, and 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. A single hole was drilled, commencing in March. This intersected limestone and schist before intersecting ultra mafics at 180 meters. Considerable difficulties were again encountered in the ultra mafics, and after three months the hole was abandoned at 251 meters. Agata South is also a very high priority porphyry copper-gold target and the joint venture will persevere with drilling. In this case it is thought that the terrain will allow the target to be drilled from the west, thus avoiding the ultra-mafic sheet.

Agata Project, Nickel Laterite Prospect
BHP Billiton completed its drilling program on the Agata nickel laterite prospect earlier this year and results were reported in the Company's press release of July 6, 2006. BHP Billiton decided not to proceed with discussions to develop the nickel laterite prospect, since grade and tonnage indications did not appear to meet their economic requirements to ship the material to their Queensland, Australia, nickel refinery for processing. However, the Joint Venture believes that the Agata laterite has good potential to meet the specifications of closer Asian consumers. In particular, the Agata nickel laterite is believed to have the potential to meet the specifications for ferro-nickel foundaries in China, currently purchasing material grading around 45% iron and 1% nickel. Expressions of interest have been received from several Asian consumers and discussions are in progress.

SR Metals Inc., a private Philippine mining company, has expressed interest in negotiating an agreement with the Surigao Joint Venture and has signed a non-exclusive Confidentiality Agreement. SR Metals has commenced nickel laterite mining and production immediately south of the Agata Project, and the product will be shipped to consumers in China. The SR Metals nickel laterite is believed to be an extension of the Agata mineralization.

The Joint Venture will be evaluating all possible alternatives, including mining the nickel laterite itself, in order to maximize the potential benefits to its shareholders. Although the Company had anticipated starting a drill program on the Agata nickel laterite in late 2006, this has been deferred to early 2007, following a meeting of the Surigao Joint Venture in early January. Future plans include a drill program to establish a NI 43-101 compliant resource, as well as carrying out marketing, environmental and economic studies.

Tapian San Francisco Project
A 1,176 meter drilling program on Tapian San Francisco concluded in the third quarter of 2006. 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

Interest income for the third quarter of 2006 was $11,937 ($32,396 for the period) compared to interest income of $4,303 for the third quarter of 2005 ($14,950 for the period). The Company continued to significantly increase its marketing activities during the first nine months of 2006 along with its increased field programs. As a result of these activities, the net loss of $483,045 for the third quarter ($1,392,284 for the period) was higher than the net loss of $212,537 in the third quarter of 2005 ($860,930 for the period). Advertising and promotions expenses of $72,486 for the third quarter of 2006 ($219,388 for the period) were higher than expenses of $41,073 for the third quarter of 2005 ($144,528 for the period). Conferences and trade show expense were just $452 for the third quarter, compared to $8,066 for the same quarter in 2005 although expenses of $46,718 for the period were higher than expenses of $5,848 for the same period in 2005, as the Company attended three more trade shows in the first six months of 2006 than in the first six months of 2005.

Consulting and professional fees of $46,482 was also higher for the third quarter of 2006 ($185,445 for the period) compared to just $9,215 for the third quarter of 2005 ($59,108 for the period). The Company had higher legal fees in 2006 for work in connection with the Company's properties and joint venture in the Philippines. Investor relations consultants fees of $23,758 for the third quarter of 2006 ($75,407 for the period) was a reduction from fees of $30,000 in the third quarter of 2005 ($92,637 for the period). Printing expenses of $8,881 in the third quarter ($27,101 for the period) were up from $787 in the third quarter of 2005 ($5,038 for the period), again due to increased marketing activities in Canada and Europe. Office, postage and sundry expenses of $13,072 were similar in the third quarter of 2006 ($66,654 for the period) to the $14,015 incurred in the third quarter of 2005 ($44,409 for the period). Both the Company and the Company's subsidiary in the Philippines moved into larger offices in 2006; and as a result, rent expense of $12,185 for the third quarter of 2006 ($33,030 for the period) was higher than expense of $6,044 in the third quarter of 2005 ($16,500 for the period).

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 $104,623 for the third quarter of 2006 ($313,039 for the period) was significantly higher than salaries and benefits of just $47,262 in the third quarter of 2005 ($126,477 for the period). The 2006 salaries expense for the first nine months of 2006 is comprised of $155,582 in Canadian salaries and $157,457 in salaries from the Philippines subsidiary, MRL Gold Phils., Inc.

Stock options issued during the third quarter resulted in stock-based compensation salary expenses of $128,758 ($128,758 for the period), whereas there were no stock-based compensation expenses recognized in the third quarter of 2005 ($165,919 for the period) as no stock options were issued. Stock options previously granted to investor relations consultants, which vested during the third quarter of 2006, resulted in other stock-based compensation expense of $21,926 ($57,494 for the period); there were no other stock-based compensation expenses in the third quarter 2005 ($4,875 for the period). Travel expenses for the third quarter of $11,346 ($107,792 for the period) were lower than travel expenses in the third quarter of 2005 of $19,714 ($58,051 for the period); although travel expenses were higher for the period due to increased marketing activities, particularly in Europe, during the first two quarters of 2006. Depreciation expense of $3,883 in the third quarter of 2006 ($10,553 for the period) was lower than 2005 second quarter depreciation expense of $5,638 ($8,711 for the period).

6. SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings Gain (Loss)	Earnings Gain (Loss) Per Share	Total Assets
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
March 31, 2005	(346,552)	(0.009)	5,537,076
December 31, 2004	(424,805)	(0.010)	5,292,854

7. LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of September 30, 2006, Mindoro's cash position was $1,167,209, down from $1,419,311 as at December 31, 2005. In April of 2006, the Company issued 4,118,950 Units at $0.70 per Unit for gross proceeds of $2,883,265. Finder's fees of $158,421 were paid 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 until April 6, 2007 and, thereafter, at a price of $1.25 until April 6, 2008. The Company also issued 226,316 Agent's warrants; Agent's warrants are exercisable into Units having the same terms at the Units issued. During the third quarter, the Company also received $197,658 net proceeds from exercised purchase warrants and $16,440 from exercised stock options; for total net proceeds during the first nine months of $355,991 and $76,720 from exercised purchase warrants and stock options, respectively.

Accounts receivable decreased to $524,053 as of September 30, 2006, down from $589,047 at the end of the second quarter and up from $277,490 as of December 31, 2005. Included in accounts receivable are cash calls receivable from our joint venture partner, which at the end of the period was $410,109 compared to $491,502 at the end of the second quarter and $164,759 as of December 31, 2005. The cash call receivable is for amounts the Company spent on the Surigao Projects which is then charged to joint venture partner, Panoro Minerals Ltd. Prepaid expenses increased in the third quarter, to $65,180 from $45,836 at the end of the second quarter, and from $168,544 as of December 31, 2005. The property and equipment balance of $116,202 was down from the June 30 balance of $118,635 and up from $65,354 as of December 31, 2005, pursuant to the Company's increased field programs. Accounts payable and accrued charges of $538,379 as at September 30, 2006, was a marked increase from the balance of $381,610 as at June 30, 2006, and the December 31, 2005 balance of $203,666 which is primarily related to several new drilling programs underway in the Philippines.

During the third quarter of 2006, and prior to deducting management fee recoveries, $1,397,523 was expended on Investing Activities ($2,611,107 for the period) with $1,449 spent on acquisition of property and equipment and $1,396,074 spent on Exploration Activities in the Philippines. The total amount of deferred exploration on existing properties as at September 30, 2006 was $7,965,605.

8. CAPITAL RESOURCES

Some of the following commitments are denominated in Philippine Pesos ("PP"). At September 30, 2006, 45.123PP = $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 up to a 75 percent 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 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, 2006, 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.

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 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 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. 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 Properties
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 during the 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 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. 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 September 30, 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 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 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.

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.

Egerton Agreement: Lobo, Archangel and Batangas Properties
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 September 30, 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.

Apical Agreement
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 percent 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 percent participating interest, or to reduce to a 3 percent Net Smelter Royalty ("NSR"), each retaining a 1.5 percent 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 percent 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 September 30, 2006 includes $18,668 due from officers of the Company and the Company's subsidiary. The majority of these advances are related to expenses which, upon reconciliation of advances, will be charged to deferred exploration.

During the period, $11,196 was paid to a director of the Company for consulting services. Ascenta Capital received $45,000 for investor relations services and $52,663 for advertising and promotions expenses; a director of the Company is a principal of Ascenta. MacPherson Leslie & Tyerman,LLP received $11,628 for corporate legal counsel; a director of the Company is a partner in the law firm.

Mineral properties and deferred costs include $1,564 paid to a director during the period for consulting work on the properties.

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.

10. CAPITAL STRUCTURE

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

Issued - Common shares	**Number**
Balance, December 31, 2005	53,571,892
Issued on exercise of purchase warrants (a)	1,159,834
Issued pursuant to private placement (b)	4,118,950
Issued upon exercise of stock options (c)	380,000
Issued for properties (d)	75,000
Balance, September 30, 2006	**59,305,676**
Common share purchase warrants	
Balance, December 31, 2005	7,508,861
Issued on exercise of agent's warrants	58,340
Issued pursuant to private placement	2,285,791
Warrants exercised (a)	(1,159,834)
Warrants expired	-
Balance, September 30, 2006	**8,693,158**
Stock options	
Balance, December 31, 2005	**4,825,000**
Issued	700,000
Exercised (c)	(380,000)
Forfeited	(40,000)
Expired	-
Balance, September 30, 2006	**5,105,000**

(a) Purchase warrants were exercised for net proceeds of $197,658 during the third quarter, for a total of $355,991 during the first nine months.

(b) In April of 2006, the Company issued 4,118,950 Units at $0.70 per Unit for gross proceeds of $2,883,265. Finder's fees of $158,421 were paid 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 until April 6, 2007 and, thereafter, at a price of $1.25 until April 6, 2008. The Company also issued 226,316 Agent's warrants; Agent's warrants are exercisable into Units having the same terms at the Units issued.

(c) Stock options were exercised for net proceeds of $16,440 during the third quarter, for a total of $76,720 during the first nine months.

(d) The Company issued these shares in May 2006, pursuant to the Additional Interest Option Agreement with Minimax.

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at September 30, 2006:

Number of Warrants	**Exercise Price**	**Expiry Date**
4,415,264	$ 0.30	Oct-06
964,978	$ 0.30	Nov-06
1,028,125	$ 0.50	Oct-06
2,060,475	$ 1.00	Apr-07
	$ 1.25	Apr-08
224,316	$ 0.70	Apr-08
8,693,158		

The following table summarizes the information about stock options outstanding at September 30, 2006:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
$0.10 to $0.14	550,000	0.66	$0.13
$0.15 to $0.23	670,000	1.45	$0.24
$0.24 to $0.36	1,750,000	4.54	$0.31
$0.37 to $0.56	150,000	4.02	$0.48
$0.57 to $0.80	700,000	3.61	$0.69
$0.81 to $1.00	1,285,000	3.56	$0.96

Subsequent to the end of the period, 5,454,839 purchase warrants were exercised for gross proceeds of $1,722,327. Stock options totaling 70,000 were exercised for gross proceeds of $10,500.

11. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

Total additions	**$ 358,791**	**$ 1,456,015**	**$ 376,800**	$ 600,911	$ 430,459	$ 45,276
SURIGAO PROJECTS	**Agata**	**Tapian**		Agata	Tapian	
General Exploration	49,345	61,213		11,696	(27,321)	
Camp, Road Construction	1,803	13,430		-	-	
Travel	774	1,214		-	-	
Geology, Geophysics, Geochemistry	278	1,834		-	-	
Drilling	33,127	70,573		-	-	
Mapping, Sampling	29	720		-	-	
Acquisition Costs	776	21,653		-	44,323	
Community, Environmental	3,101	4,546		-	-	
Management Fee Recoveries	(54,003)	(108,491)		(59,671)	(100,423)	
Total additions	**$ 35,230**	**$ 66,692**		$ (47,975)	$ (83,421)	
OTHER PROJECTS	**Pan de Azucar**	**Mat-I**		Pan de Azucar	Mat-I	
General Exploration	1,310	22,864		460	2,302	
Acquisition Costs	7,019	-		-	-	
Total additions	**$ 8,329**	**$ 22,864**		$ 460	$ 2,302	

MINDORO RESOURCES LTD

CONSOLIDATED BALANCE SHEETS

		September 30 2006		December 31 2005
ASSETS				
CURRENT				
Cash and short-term investments	**$**	**1,167,209**	$	1,419,311
Accounts receivable		**524,053**		277,490
Prepaid expenses		**65,180**		168,544
		1,756,442		1,865,345
MINERAL PROPERITIES AND DEFERRED COSTS (Note 3)		**7,965,605**		5,640,433
ADVANCES TO JOINT VENTURE PARTNERS (Note 4)		**62,041**		-
PROPERTY AND EQUIPMENT (Note 5)		**116,202**		65,354
	$	**9,900,290**	$	7,571,132
LIABILITIES				
CURRENT				
Accounts payable and accrued charges	**$**	**538,379**	$	203,666
		538,379		203,666
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		**17,750,174**		14,616,181
Contributed Surplus		**2,363,450**		2,110,714
Retained earnings		**(10,751,713)**		(9,359,429)
		9,361,911		7,367,466
	$	**9,900,290**	$	7,571,132

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT

MINDORO RESOURCES LTD

	Quarter Ended September 30		Nine Months Ended September 30	
	2006	2005	**2006**	2005
REVENUE				
Interest	**$ 11,937**	$ 4,303	**$ 32,396**	$ 14,950
EXPENSES				
Administration	**3,529**	1,021	**11,353**	3,857
Advertising and promotion	**72,486**	41,073	**219,388**	144,528
Communications	**5,885**	5,722	**17,563**	16,953
Conferences and trade shows	**452**	8,006	**46,718**	13,854
Consulting and professional fees	**46,482**	9,215	**185,445**	59,108
Investor relations consultants	**23,758**	30,000	**75,407**	92,637
Listing fees and shareholder communications	**8,030**	5,394	**22,567**	16,416
Office, postage and sundry	**13,072**	14,015	**66,654**	44,409
Printing	**8,881**	787	**27,101**	5,038
Rent	**12,185**	6,044	**33,030**	16,500
Salaries and benefits	**104,623**	47,262	**313,039**	126,477
Stock based compensation - salaries	**128,758**	-	**128,758**	165,919
Stock based compensation - others	**21,926**	-	**57,494**	4,875
Travel	**11,346**	19,714	**106,792**	58,051
Depreciation and amortization	**3,883**	5,638	**10,553**	8,711
Foreign Exchange loss (gain)	**29,687**	18,646	**102,818**	83,597
	494,982	212,537	**1,424,680**	860,930
Net Loss	**(483,045)**	(208,234)	**(1,392,284)**	(845,980)
Basic and diluted loss per share	**(0.008)**	(0.004)	**(0.024)**	(0.018)
Weighted average shares outstanding	**58,822,057**	52,101,713	**56,989,204**	47,004,265
Deficit, beginning of period, as previously reported	**(10,268,668)**	(7,049,455)	**(9,359,429)**	(7,049,455)
Accounting Change	**-**	**-**	**-**	(405,967)
Deficit, beginning of period, as restated	**(10,268,668)**	(8,093,168)	**(9,359,429)**	(7,455,422)
Deficit, end of period	**(10,751,713)**	(8,301,402)	**(10,751,713)**	(8,301,402)

CONSOLIDATED STATEMENTS OF CASH FLOWS

MINDORO
RESOURCES LTD

	Quarter Ended September 30		Nine Months Ended September 30	
	2006	2005	**2006**	2005
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net loss	**$ (483,045)**	$ (208,234)	**$ (1,392,284)**	$ (845,980)
Items not affecting cash				
Stock Based Compensation	**150,683**	(10,794)	**186,252**	160,000
Depreciation and amortization	**3,883**	5,638	**10,553**	8,711
Changes in non-cash working capital	**202,418**	(229,629)	**191,514**	(362,466)
	(126,061)	**(443,019)**	**(1,003,965)**	(1,039,735)
INVESTING				
Expenditures on mineral properties and deferred costs	**(1,264,266)**	(378,686)	**(2,325,172)**	(961,205)
Advance to JV partner for mineral property expenditures	**(62,041)**	**-**	**(62,041)**	**-**
Acquisition of property and equipment	**(1,449)**	(11,810)	**(61,400)**	(18,655)
	(1,327,756)	(390,496)	**(2,448,613)**	(979,860)
FINANCING				
Issue of share capital, net of issuance costs	**210,848**	1,658,564	**3,200,476**	2,510,472
	210,848	1,658,564	**3,200,476**	2,510,472
INCREASE IN CASH	**(1,242,969)**	825,049	**(252,102)**	490,877
CASH BEGINNING OF PERIOD	**2,410,178**	961,369	**1,419,311**	1,295,541
CASH END OF PERIOD	**$ 1,167,209**	$ 1,786,418	**$ 1,167,209**	$ 1,786,418

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 Phil’s Inc., and have been prepared in accordance with Canadian generally accepted accounting principles

(B) DEFERRED 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.

(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 assert 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 undisclosed 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.

(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 will be 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.

Basic loss per share is calculated by dividing the aggregate net loss for the period by the total average weighted 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 make3 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.

(J) STATEMENT OF CASH FLOW

The Company uses the indirect method in its presentation of the Statement of Cash Flow.

3. MINERAL PROPERTIES AND EXPLORATION COSTS

This account consists 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.

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 September 30, 2006, the total amount of cost recoveries have been deducted from the deferred exploration costs.

Project	Balance December 31, 2004	Expenditures	Balance December 31, 2005	Expenditures	Management Fee Recoveries	Balance September 30, 2006
Agata	$ 969,284	$ 114,338	$ 1,083,622	$ 89,233	$ (54,003)	**$ 1,118,852**
Tapian	648,548	(13,558)	634,990	175,179	(108,492)	**701,677**
Lahuy	102,136	(102,136)	-	-	-	-
Mat-I	42,017	2,302	44,319	22,863	-	**67,182**
Pan de Azucar	609,669	-	609,669	8,329	-	**617,999**
Batangas	7,382	150,169	157,551	376,800	-	**534,351**
Lobo	1,124,583	974,356	2,098,939	358,791	-	**2,457,730**
Archangel	270,764	685,504	956,268	1,456,015	-	**2,412,283**
Laos	24,757	-	24,757	151	-	**24,908**
	3,799,140	1,810,975	5,610,115	2,487,360	(162,494)	**7,934,982**
Royalty Deposits	28,396	1,922	30,318	304	-	**30,622**
	$ 3,827,536	$ 1,812,897	$ 5,640,433	$ 2,487,664	$ (162,494)	**$ 7,965,605**

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;

As of September 30, 2006, 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 September 30, 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 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.

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.

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 September 30, 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.

4. ADVANCE TO MINIMAX

Minimax's share of exploration expenses in the Surigao Joint Venture on the Agata and Tapian Projects are being advanced by Mindoro and Panoro, proportionate to their ownership interests of 35% and 40%, respectively. All amounts advanced on behalf of Minimax constitute an interest bearing loan which is repayable at production.

5. PROPERTY AND EQUIPMENT

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

	September 30, 2006			December 31, 2005		
	Cost	Accumulated Depreciation	**Net Book Value**	Cost	Accumulated Depreciation	Net Book Value
Computer Hardware	$ 58,944	$ 49,812	**$ 9,132**	$ 56,965	$ 47,448	$ 9,517
Computer Software	$ 50,556	$ 43,156	**$ 7,400**	$ 49,203	$ 41,170	$ 8,033
Office furniture and Equipment	$ 150,210	$ 50,540	**$ 99,670**	$ 74,840	$ 27,036	$ 47,804
Leasehold improvements	$ 16,518	$ 16,518	**$ -**	$ 16,518	$ 16,518	$ -
	$ 276,228	$ 160,026	**$ 116,202**	$ 197,526	$ 132,172	$ 65,354

6. ACCOUNTS RECEIVABLE

Funds due from the Company's joint venture partner are entered into the accounts receivable account. At September 30, 2006, the amount was $410,109.

7. SHARE CAPITAL

Authorized
Unlimited number of common shares
Unlimited number of preferred shares

	September 30, 2006			December 31, 2005		
Issued	Number		Amount	Number		Amount
Common shares						
Balance, beginning of period	53,571,892	$	14,616,181	44,201,867	$	11,627,155
Obligation to issue shares cancelled (a)	-		-	(40,000)		(10,800)
Issued upon exercise of warrants (b)	1,159,834		246,122	6,167,525		2,044,220
Issued pursuant to private placement (c)	4,118,950		2,707,325	2,117,500		656,367
Issued upon exercise of stock options (d)	380,000		116,856	625,000		129,239
Issued for mining properties (e)	75,000		63,690	500,000		170,000
Common Shares issuable (f)	-		-	-		-
Balance, end of period	**59,305,676**	**$**	**17,750,174**	53,571,892	$	14,616,181

Common share purchase warrants	Number	Number
Balance, beginning of period	7,508,861	13,068,361
Issued pursuant to private placement (c)	2,285,791	1,058,750
Issued pursuant to exercise of agents warrants (g)	58,340	856,548
Exercised (b)	(1,159,834)	(6,167,525)
Expired (h)	-	(1,307,273)
Balance, end of period	**8,693,158**	7,508,861

(a) 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 and March 2005.

(b) Purchase warrants were exercised for net proceeds of $355,991. Stock-based compensation costs totaling $26,851, recorded as an increase to contributed surplus on issuance of the purchase warrants, were reclassified to share capital upon the exercise of these warrants.

(c) In 2005, 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.A total of 4,118,950 purchase warrants and 226,316 agent's warrants are exercisable pursuant to this Private Placement. No securities were issued pursuant to private placements during the first quarter of 2006.

In April of 2006, the Company issued 4,118,950 Units at $0.70 per Unit for gross proceeds of $2,883,265. Finder's fees of $158,421 were paid 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 until April 6, 2007 and, thereafter, at a price of $1.25

until April 6, 2008. The Company also issued 226,316 Agent's warrants; Agent's warrants are exercisable into Units having the same terms at the Units issued.

(d) The Company issued 380,000 Common shares pursuant to the exercise of stock options for net proceeds of $76,720. Stock-based compensation costs totaling $43,386, recorded as an increase to contributed surplus on issuance of the stock options, were reclassified to share capital upon the exercise of these options.

(e) On November 7, 2005, 500,000 shares were issued to Egerton Gold Philippines Inc. pursuant to the Company exercising its option to proceed to phase two on its Lobo and Archangel properties.

In connection with the Company's October 5, 2005 agreement with Minimax (note 3) and pursuant to receiving received regulatory approval in January 2006, the Company recorded an obligation to issue these shares to Minimax. The shares were issued May 28, 2006

(f) These warrants were issued pursuant to the exercise of 58,340 Agent's warrants.

(g) Three issues of warrants expired during 2005: 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. No warrants expired during the first nine months of 2006.

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at September 30, 2006:

September 30, 2006			December 31, 2005		
Number of Warrants	**Exercise Price**	**Expiry Date**	Number of Warrants	Exercise Price	Expiry Date
4,415,264	$ 0.30	October 2006	25,000	$ 0.60	January 2006
964,978	$ 0.30	November 2006	333,378	$ 0.30	August 2006
1,028,125	$ 0.50	October 2006	5,062,193	$ 0.30	October 2006
2,060,475	$ 1.00	April 2007	57,340	$ 0.30	October 2006
-	$ 1.25	April 2008	972,200	$ 0.30	November 2006
224,316	$ 0.70	April 2008	1,058,750	$ 0.50	October 2006
8,693,158			7,508,861		

The company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock optins. 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:

Outstanding at beginning of period	4,825,000	$0.45	2,830,000	$0.14
Issued	700,000	$0.60	2,690,000	$0.64
Exercised	(380,000)	$0.19	(625,000)	$0.21
Forfeited	(40,000)	$0.96	(70,000)	$0.30
Outstanding at end of period	**5,105,000**	**$0.50**	4,825,000	$0.45
Options exercisable at end of period	**4,730,000**	**$0.49**	4,675,000	$0.44

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	0.66	$0.13
$0.15 to $0.23	670,000	1.45	$0.24
$0.24 to $0.36	1,750,000	4.54	$0.31
$0.37 to $0.56	150,000	4.02	$0.48
$0.57 to $0.80	700,000	3.61	$0.69
$0.81 to $1.00	1,285,000	3.56	$0.96
Total	**5,105,000**	2.83	**$0.50**

8. CONTRIBUTED SURPLUS

		September 30, 2006		December 31, 2005
Balance, beginning of period	$	2,110,714	$	886,771
Stock based compensation	$	142,866	$	1,484,255
Agent's warrants	$	104,031	$	(59,969)
Purchase warrants	$	5,839	$	(200,343)
	$	**2,363,450**	**$**	**2,110,714**

9. RELATED PARTY TRANSACTIONS

(a) Accounts receivable and advances as at September 30, 2006 includes $18,668 due from officers of the Company and the Company's subsidiary. The majority of these advances are related to expenses which, upon reconciliation of advances, will be charged to deferred exploration.

(b) During the period, $11,196 was paid to a director of the Company for consulting services. Ascenta Capital received $45,000 for investor relations services and $52,663 for advertising and promotions expenses; a director of the Company is a principal of Ascenta. MacPherson Leslie & Tyerman, LLP received $11,628 for corporate legal counsel; a director of the Company is a partner in the law firm.

(c) Mineral properties and deferred costs include $1,564 paid to a director during the period for consulting work on the properties.

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.

10. 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 price 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.

11. SUBSEQUENT EVENTS

Subsequent to the period, 5,454,839 purchase warrants were exercised for gross proceeds of $1,722,327. Stock options totaling 70,000 were exercised for gross proceeds of $10,500.