



MINDORO
RESOURCES LTD

Quarterly Reporting
For the Nine Months Ended September 30, 2009

(Expressed in Canadian Dollars, Except Where Otherwise Noted)

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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*

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2009



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1. GENERAL

This discussion and analysis of financial position and results of operation is prepared as at November 26, 2009, and should be read in conjunction with the unaudited consolidated financial statements for the nine months ended September 30, 2009 and September 30, 2008 and the December 31, 2008 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. Additional information related to the Company can be found on SEDAR at www.sedar.com

On August 4, 2009, the Company announced the resignation of Mr. Eugene Zarowny as Chief Financial Officer and Mr. Herrick Lau has been appointed the Company's Chief Financial Officer effective immediately.

2. FORWARD LOOKING INFORMATION

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

3. NATURE OF THE BUSINESS 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. To date, no mineral development projects have been completed and commercial production has not commenced.

These interim 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.

The Company experienced a decline in its share price during the previous year, along with capital markets in general. This decline has caused management to reevaluate plans to pursue additional sources of funding going forward. Management's amended plans include continuing to pursue financing through equity offerings, the exercise of outstanding warrants, seeking joint venture partners to fund exploration, reducing exploration activity and reducing overhead costs. As disclosed in Note 8, on February 13, 2009, the Company closed a private placement for gross proceeds of \$465,785. On August 25, 2009, the Company closed another private placement for gross proceeds of \$623,300. As a result of these actions, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the current fiscal year.

4. OVERVIEW OF EXPLORATION ACTIVITIES

The Company's mineral exploration projects are located in the Agusan del Norte, Surigao del Norte (jointly the Surigao District), Iloilo and Batangas Provinces of the Philippines. Mindoro's field programs are carried out under the supervision of Tony Climie, P.Geol, who approved the technical content of this document and who is a qualified person as defined by National Instrument 43-101.

SURIGAO DISTRICT, NORTHERN MINDANAO

The Company has a direct and indirect 75 percent interest in the Agata, Tapian San Francisco and Tapian Main projects, and a 10 percent direct interest in the Mat-I project, collectively referred to as the Surigao Projects, which are located in Surigao del Norte and Agusan del Norte Provinces of northern Mindanao, Philippines. The granted tenements consist of a Mineral Production Sharing Agreement (MPSA) on Agata and Exploration Permits (EPs) on Tapian San Francisco and Tapian Main. The remaining ground is held under MPSA and EP applications that are advancing normally through the approval process.

As of September 30, 2009, the Company had \$8,691,562 in exploration expenditures recorded to the Surigao Projects, including expenditures of \$202,322 in the third quarter of 2009.

Agata North Nickel Laterite: An Upgraded Resource Estimate and DSO Prices Rising

Field work on the Agata North nickel laterite resource was reduced to care and maintenance in the third quarter as the company seeks to identify a suitable partner to fund further development. Also in the quarter, a consultant was engaged to prepare an upgraded nickel-cobalt-iron resource estimate and the company commenced testing additional areas of nickel laterite elsewhere in the Surigao Projects.

Mindoro announced a National Instrument 43-101 compliant resource estimate for its Agata North nickel laterite project on December 15, 2008. While the company considered this an adequate resource base to advance development concepts, an upgraded resource estimate, carried out by the same independent Qualified Person who prepared the December estimate, was released on November 18, 2009. The upgraded resource estimate, summarized in the table below, demonstrated a 40 percent increase, mostly due to the broadening of the search parameters as a result of the detailed variographic studies and the reinterpretation of the 0.8 percent nickel domain lower surface.

Resource @ 0.5 % Ni cutoff grade (Limonite) and 0.8% cutoff grade (Saprolite)

Category	Laterite Horizon	Mil. WMT	Mil. DMT	Ni%	Co%	Fe%	Contained Ni Metal (Mil lb)	Contained Co Metal (Mil lb)
Measured	Limonite	2.16	1.40	1.00	0.11	44	31.01	3.26
	Saprolite	0.64	0.51	1.16	0.03	11	13.09	
Indicated	Limonite	12.98	8.44	0.98	0.11	46	181.55	21.02
	Saprolite	20.70	16.56	1.18	0.03	11	431.20	
Measured + Indicated	Limonite	15.14	9.84	0.98	0.11	45	212.56	24.28
	Saprolite	21.34	17.07	1.18	0.03	11	444.28	
Total Measured + Indicated		36.48	26.92	1.11	0.06	24	656.84	24.28
Inferred	Limonite	1.56	1.01	0.92	0.10	44	20.49	2.17
	Saprolite	3.48	2.78	1.11	0.03	12	68.26	0.00
	Total	5.03	3.79	1.06	0.05	21	88.74	2.17



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- *Total metal contents in the reported resources represent metal in the ground and have not been adjusted for metallurgical recoveries and other factors which will be considered in later study.*
- *Tonnage is reported in both wet metric tonnes (WMT), applicable for DSO operations, and dry metric tonnes (DMT), applicable to any processing operation.*
- *Mineral resources which are not mineral reserves do not have demonstrated economic viability.*
- *The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*

The estimate covers about 80 percent of Agata North. The company also commenced carrying out reconnaissance work during the quarter, including manual auger drilling on other laterite areas on its Surigao Projects. An Exploration Target is expected to be announced late in the fourth quarter.

While considerable additional resource potential exists at Agata and other Surigao projects, an adequate resource has been established to form the basis for a detailed evaluation of potential development alternatives and studies are in progress. All development alternatives are being considered. Emphasis will be on establishing an on-site processing plant.

However, prices for direct shipping ore (DSO) have increased in the latter half of 2009, particularly in the higher grade categories, and minimum nickel content requirements are significantly lower. While markets for DSO earlier in 2009 were primarily for material grading two percent and higher, offers for DSO material grading as low as 1.5 percent nickel are now being reported. Mindoro is receiving increasing expressions of interest from DSO traders and developers interested in accessing Agata North for DSO operations and the company will also be evaluating DSO as a means to achieving short-term cash flow.

Agata North has strong competitive advantages for both DSO and processing operations: excellent infrastructure, adjacent to the ocean, proximity to China and other Asian markets, considerable upside resource potential, favorable metallurgical characteristics, and extensive limestone deposits on-site.

The company's production objectives are intended to provide an indication of management's current expectations and are still conceptual in nature. It is uncertain that it will be established that these resources will be converted into economically viable mining reserves. Until a feasibility study has been completed, there is no certainty that these objectives will be met.

Agata Copper-Gold – Drilling Commences at American Tunnels

During the third quarter, the company prepared to drill American Tunnels and work focused on further geological mapping and 3D modeling of the American Tunnels prospect to assist in fine-tuning the selection of drill sites. The drill contract was awarded to Indodrill in mid-August and drilling commenced in September.

An initial test of 1,200 to 1,500 meters of drilling at American Tunnels was designed to test both gold mineralization and an underlying porphyry copper-gold target. The drilling is focused on an area where the ultra-mafic cap rock is eroded, exposing the mineralized intrusives and where artisanal (small scale) miners are carrying out near-surface, small-scale gold and copper mining.

As described in the company's October 27, 2009, press release, holes one to five were drilled within this erosional window which is on the northern limits and beyond the chargeability anomaly (a map with the location of the drill holes is posted with the press release, on Mindoro's website). Although the best mineralization is anticipated to be associated with the chargeability anomaly to the south, initial drilling is focused on the area of exposed mineralized intrusives instead. Objectives are to confirm the mineralization models and their significance as a prelude to a more intensive drill program along the rest of six kilometer mineralized trend.

Assay results for holes one through four are summarized below. Hole eight is currently being drilled and assay results for holes five through eight are expected to be released in late November or early December.

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Gold Mineralization

Hole three intersected 15 meters of 2.32 grams per tonne (g/t) gold from 9.30 to 24.30 meters. As reported by the company on June 2, 2009, sampling by Mindoro one hundred forty meters to the north in an underground small-scale mine (Roque Shaft) gave 26 meters (aggregate length) of 1.94 g/t gold from continuous rock chip sampling. Hole 4 scissored in the opposite direction hit three unrecorded historical mine stopes, and therefore did not encounter significant gold grades. Reliable information is not available from the numerous other gold workings in the area due to their inaccessibility.

The drill and underground sample results, combined with the extensive distribution of shallow artisanal gold workings, indicate the area has excellent gold potential. At this time geometry and controls are not well-understood; however, the gold mineralization is thought likely to extend under the adjacent ultra-mafic cap rock and this potential will be tested by later drilling.

Porphyry Copper-Gold Alteration

Holes one and two targeted the high-grade copper veins. Hole one intersected 8.40 meters of 0.22 percent copper and hole two intersected 23.5 meters of 417 parts per million (ppm) copper before being terminated at shallow depths upon encountering ultra-mafics. Holes three and four both encountered thick sections of anomalous copper, as well as copper-mineralized veins, both associated with porphyry-style alteration.

Hole three encountered 44.40 meters of 272 ppm copper. Hole four intersected 83.5 meters of 367 ppm copper, including 1.9 meters of 0.28 percent copper associated with rose quartz veins typical of porphyry systems. Drill results of holes three and four suggest close proximity to a porphyry.

Hole five attempted to drill into the large chargeability anomaly to the south. This hole was lost at 188.65 meters, very close to the plotted position of the chargeability anomaly, after passing through 100 meters of ultra-mafics. A small man-portable rig is being used, which has performed very well, but which could not handle the heavy ground at this depth.

Now that the mineralization model has been confirmed, a larger rig is required to test the chargeability anomalies beneath the ultra-mafic cap. Assay results are awaited for hole five. Holes six and seven have been drilled and hole eight is in progress. Assay results for these remaining four holes are expected to be released in late November or early December.

BATANGAS PROJECTS, LUZON

Mindoro holds a 100 percent direct and indirect interest in the Batangas land package, comprised of approximately 29,000 hectares and encompassing the El Paso, Lobo, Talahib and Archangel Projects. 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, subject to various permitting requirements, development; and the Calo and El Paso prospect are held under Exploration Permits (EP). The remaining Batangas Regional ground is held under either MPSA or EP applications, which are in various stages of approval. Mindoro has granted a member of the Gold Fields Group of Companies options to earn up to 75 percent interest in the El Paso, Lobo and Talahib Projects. As of September 30, 2009, the Company had \$12,305,763 in exploration expenditures on the Batangas Projects, including expenditures of \$64,955 in the third quarter of 2009.

The Batangas tenements are in the well-mineralized southern Luzon porphyry copper-gold belt. Initial NI 43-101-compliant gold resources have been defined at both Lobo and Archangel (SWB and Kay Tanda, respectively), which are both open to upgrading and extension, and at least fifteen promising porphyry copper-gold prospects remain to be tested, including the Calo, Talahib, Pica and El Paso prospects.

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Archangel Project: Avocet Withdraws but an Upgraded Gold Resource Estimate Pending for Kay Tanda

Under a Memorandum of Understanding signed September 22, 2008, Avocet Mining PLC undertook to drill a minimum 1500 meters of diamond drilling as part of a six month due diligence program. The due diligence period was twice extended in order to accommodate Avocet drilling 2100 meters, in fourteen holes, well in excess of its required minimum.

Avocet has specialized in open-pit gold mining in SE Asia to date. In its due diligence evaluation, Avocet took the pragmatic approach of shallow infill drill testing of projected up-dip extensions of high-grade gold vein sets, previously intersected at deeper levels by Mindoro, into a conceptual open-pit. The conceptual pit was centered on the near-surface low grade stockwork mineralization. The first seven holes, as reported on July 27, 2009, did confirm continuity of near-surface low grade gold-silver mineralization. The high-grade vein sets, which are probably feeder zones to the gold system, do not extend into such shallow levels. The resource remains open to the north, west and to depth. In addition, interpreted porphyry copper-gold related mineralization, previously intersected by Mindoro at depth, was not tested in the Avocet program.

As disclosed in Mindoro's September 14, 2009, press release, Avocet has advised that it would not be proceeding with further investment in the project. Results for the final seven drill holes, along with an updated resource estimate, are expected to be available for release in late November.

While Mindoro appreciates the time and expense Avocet has invested in the Kay Tanda project over the past year, it also notes that interest in gold and base metals projects in the Philippines has increased considerably since the Memorandum of Understanding was signed in 2008. In particular, various agencies from China have been aggressively seeking to acquire resources in the Philippines. Mindoro has been contacted by several parties in recent months interested in acquiring the Kay Tanda gold resource; however, Mindoro did not advance discussions due to Avocet's on-going due diligence. With Avocet's withdrawal from the project, Mindoro will be immediately exploring new opportunities to joint venture or sell the Kay Tanda gold resource.

Mindoro has also granted a right of first refusal to Gold Fields over the Archangel Project, which includes Kay Tanda. However, the company does not plan on concluding any new arrangements for the project until the final drill results and updated resource estimate are received from Avocet and released to the public.

El Paso, Lobo and Talahib Project: Gold Fields Commences Drilling

Pursuant to a Memorandum of Agreement, Gold Fields may earn up to a 75 percent interest in each of the El Paso, Lobo and Talahib porphyry copper-gold projects by sole funding exploration and a feasibility study on each project, up to certain expenditure limits, as described in Mindoro's May 5, 2009, press release.

For the twelve months commencing July 2009, Gold Fields has advised a forecast budget of approximately AU\$2,000,000 for drill testing both the El Paso and Lobo Projects and defining targets on the Talahib Project. Gold Fields commenced drilling in September on the El Paso Project. Eight diamond holes, with depths ranging from 200 to 300 meters each, are initially proposed to test surface copper and gold mineralization as well as magnetic anomalies.

As disclosed in Mindoro's July 8, September 1, and September 25, 2009, press releases, Gold Fields continued with detailed geological, ground magnetic and geochemical surveys over areas on the El Paso and Lobo Projects which are being evaluated for their porphyry copper-gold potential.

5. RESULTS OF OPERATIONS

For the three months ended September 30, 2009

Interest revenue for the third quarter of 2009 was \$2,936 compared to interest revenue of \$7,822 for the third quarter of 2008. The Company had lower cash balances in the current quarter than the same period in 2008 when cash balances were higher as a result of two large private placement financings in 2007.

The net loss for the third quarter of 2009 was \$545,279 compared to a net loss of \$643,895 for the third quarter of 2008. The net loss in the current quarter includes significantly higher stock-based compensation expense for employees while advertising and promotion, investor relations consultants, salaries and benefits and travel expenses were substantially higher in the third quarter of 2008.

Advertising and promotion expense was \$11,528 for the third quarter of 2009 compared to \$59,665 in the same period in 2008. During the current quarter, advertising expenditures on corporate publications and trade publications were considerably less than the same quarter in 2008. Investor relations consultants expense of \$19,000 in the third quarter of 2009 compares to \$48,954 for the third quarter in 2008. The 2008 amount included two European-based investor consultants whose services were subsequently suspended and therefore not incurred in the current period.

Salaries and benefits expense during the third quarter of 2009 is \$107,493 compared to \$155,574 in the same period in 2008, resulting from corporate reductions in staffing and salaries in the current period. Stock based compensation-employees expense was \$285,280 for the third quarter of 2009 compared to \$226,023 for the same quarter in 2008. The current quarter includes expense for a higher number of employee stock options as compared to the same quarter in 2008. Travel expense for the third quarter of 2009 was \$8,877 compared to \$45,190 during the same quarter in 2008. During the current period, the Company attended fewer conferences and investor relation events compared to the same period in 2008.

For the nine months ended September 30, 2009

Interest revenue for the nine months ended September 30, 2009, was \$8,357 compared to interest revenue of \$93,998 for the nine months ended September 30, 2008. Because of increased financing activities in the second half of 2007, the Company had higher cash balances during the previous period in 2008 compared to the first nine months of 2009. The net loss of \$1,544,946 for the current period was lower than the net loss of \$1,622,074 for the nine months ended September 30, 2008. The Company recorded higher stock-based compensation expenses during the first nine months of 2009 compared to the same period in 2008. The current period includes expense for two tranches of employee options compared to the same period in 2008 where one tranche was expensed. However advertising and promotion expense, consulting and professional fees, investor relation consultants expense and travel expense were lower in the current period than in the same period in 2008. Operations in the first nine months of 2009 continue to focus on exploration and the Company did not generate any operating revenue.

Advertising and promotion expense of \$32,340 for the nine months ended September 30, 2009 was much lower than for the nine months ended September 30, 2008 when \$99,415 was expensed because of increased corporate and investor relations activities carried on in 2008 in North America, Europe and the Philippines.

Consulting and professional fees of \$31,524 for the nine months ended September 30, 2009 was much lower than the total of \$99,738 for the same period in 2008. The previous period includes accounting fees for 2007 audit services billed after the 2007 year end audit.

Salaries and benefits expense of \$357,411 during the current period was lower than salaries and benefits of \$464,001 in the first nine months of 2008. Personnel cutbacks and salary reductions have been implemented during the current period. During the current period, stock based compensation-employees of \$760,482 and stock based compensation-consultants of \$32,040 compare to expenses of \$486,740 and \$15,351, respectively, in the first nine months of 2008.

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Stock based compensation expenses for both employees and consultants for the current period were higher than the same period in 2008 because a higher number of stock options have vested in 2009 compared to the same period in 2008. Stock-based compensation granted to employees, directors, officers and non-employees is accounted for using the fair value method. Compensation expense is amortized over the vesting period of the options, with a corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital. Contributed surplus recognized as a result of granting options will be credited to share capital when the options are exercised.

6. SUMMARY OF QUARTERLY RESULTS

Quarter Ending	Net Earnings (Loss)	Earnings (Loss) Per Share	Total Assets
September 30, 2009	\$(545,279)	\$(0.005)	\$23,841,777
June 30, 2009	(469,055)	(0.005)	23,485,327
March 31, 2009	(530,612)	(0.005)	23,810,905
December 31, 2008	(1,623,253)	(0.018)	22,864,941
September 30, 2008	(643,895)	(0.007)	23,293,711
June 30, 2008	(559,587)	(0.006)	23,536,194
March 31, 2008	(418,592)	(0.005)	24,484,053
December 31, 2007	(490,420)	(0.006)	24,627,244

The Company's quarterly results are not subject to seasonal trends.

7. FINANCIAL CONDITION & LIQUIDITY

The Company continues to rely on raising capital in order to fund its ongoing operations. As of September 30, 2009, the Company's cash position was \$923,594 down from \$1,387,898 as at December 31, 2008. During the nine months ended September 30, 2009 the Company received net proceeds of \$1,060,991 from two private placements and one warrant exercise.

Working capital at September 30, 2009, was \$857,414 as compared to \$1,112,132 at December 31, 2008.

Accounts receivable balance is \$48,596 as of September 30, 2009 down slightly from \$49,627 as of December 31, 2008. Included in accounts receivable are input tax credits receivable of \$11,712, reimbursement receivable due from a joint venture partner for \$21,536 and sundry other amounts receivable. Prepaid expenses increased in the period to \$293,769 from \$78,924 at the end of 2008. Prepaid expenses include a refundable option deposit for a mineral property due diligence evaluation and also includes deposits for memberships, travel, an investor relations program and sundry other prepaid expenses. The property and equipment balance of \$160,646 has decreased from the December 31, 2008 balance of \$354,601. Accounts payable and accrued charges of \$408,545 as at September 30 2009 is slightly higher than the balance of \$404,317 as at December 31, 2008.

In the first nine months of 2009 \$556,856 was spent on Investing Activities (\$2,610,348 in the first nine months of 2008) including \$674,219 spent on exploration activities (\$2,390,660 in the first nine months of 2008). During the quarter ended September 30, 2009, \$177,435 was spent on Investing Activities (\$1,075,393 during the quarter ended September 30, 2008). The total amount of mineral properties and exploration expenditures during the quarter ended September 30, 2009 was \$260,707 (\$1,066,997 during the quarter ended September 30, 2008). The total amount of mineral properties and exploration expenditures as of September 30, 2009, was \$21,871,952 (\$20,993,891 as at December 31, 2008).

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8. CAPITAL RESOURCES

Some of the following commitments are denominated in Philippine Pesos ("PP"). At September 30, 2009, 43,831 PP = \$1CDN.

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 percent interest in five mineral properties: Agata, Tapan, 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 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 amount of 20,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA;
- (ii) Phase two – incurring an additional aggregate amount of 75,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA; and
- (iii) Phase three – incurring an additional aggregate amount of 75,000,000 PP in eligible mining expenditures allocated to the properties as defined in the MOA;

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 negotiated an extension to the 2004 deadline. On October 28, 2008 an Amending Agreement to the January 1997 Memorandum of Agreement between the Company and Minimax Mineral Exploration Corporation was completed. The Amending Agreement extends the deadline for the Phase three expenditure requirement of 15,000,000 PP on the Pan de Azucar property to October 27, 2010. As consideration for the extension provided therein, the Company paid Minimax US\$25,000 upon signing the Amending Agreement and will pay US\$15,000 on the one year anniversary of the signing.
- (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.



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As of September 30, 2009, the Company has met phase one expenditure requirements on all properties under this agreement; phase two expenditure requirements on Agata, Tapiro, and Pan de Azucar properties; and phase three expenditure requirements on Agata and Tapiro properties.

Pursuant to an agreement dated November 4, 2003, the Company was granted an option to earn an additional 10 percent interest (the Interest Option) in future mining reserves located in the Agata, Tapiro 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 US\$5,000,000 per mining reserve.

Pursuant to an agreement dated October 5, 2005, the Company's subsidiary, MRL Gold Phil's Inc., acquired an option to purchase an additional 15 percent direct and indirect participating interest (the Additional Interest Option) from Minimax in future mining reserves located in the Surigao Projects. Under the Additional Interest Option, after completion of a Bankable Feasibility Study but before commencing mining operations, MRL has the option to purchase an additional 15 percent interest from Minimax in each and any mining reserve located on the Surigao Projects.

Payment shall be equivalent to 0.75 percent of the gross value of each mining reserve, to a minimum of US\$7.5 million. In addition MRL shall make initial cash payment of US\$75,000, and, thereafter, make further payments of US\$75,000 annually for 4 years. Beginning in year five to commencement of production, annual payments of US \$125,000 will be made. A net smelter royalty of one percent against the additional 15 percent interest in mineral reserves shall also be payable to Minimax. MRL may, at any time, terminate the Additional Interest Option without penalty. In May 2006, the Company issued 75,000 Common shares to Minimax as consideration for granting the option with a total value of \$63,690.

SURIGAO OPTION AGREEMENT: AGATA, MAT-I, AND TAPIAN PROJECTS

Pursuant to the Surigao Option Agreement (SOA) effective June 21, 2004, Panoro Minerals Ltd. was granted an option to acquire a 40 percent interest in each of the Agata, Tapiro 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, Tapiro 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 Tapiro project. Thus, 50,000 net shares, previously recorded as Common shares issuable, were issued to Minimax during the second quarter of 2005.

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. The ownership interest in the Agata and Tapiro properties was now Panoro 40 percent, Mindoro 35 percent, and Minimax 25 percent, and in the Mat-I property, Mindoro 75 percent and Minimax 25 percent.

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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, Tapan 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; On October 11, 2006, the Mines Department approved the exploration permit for this property and the requisite 100,000 Common shares were issued to the vendor in January 2007;
- (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-Tapan 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 Common shares were issued accordingly. The Company has the following additional obligations under the terms of the Bautista-Tapan 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 and these shares were issued accordingly;
- (iii) Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor at feasibility study stage on the property. The Company has not yet met the requirements to issue these shares; 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 Company has not yet met the requirements to issue these shares.

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



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

- (i) Issue 62,500 Company Common shares upon registration of each EP. The Company has not yet met the requirements to issue these shares;
- (ii) Issue 87,500 Company Common shares on the first anniversary of the registration of each EP. The Company has not yet met the requirements to issue these shares; and
- (iii) Payment to the vendor of quarterly advance royalties in the amount of 88,000 PP and 87,000 PP commencing after registration of the Tibur and Macana EPs, respectively.

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

On March 14, 2007 the Company agreed to the purchase of Panoro's 40 percent interest in the Surigao projects previously earned by Panoro under the Surigao Option Agreement. The purchase and sale agreements received regulatory approval on April 10, 2007. Upon closing on that date, as consideration for the purchase of the interest, Mindoro paid Panoro \$750,000 cash plus 500,000 Mindoro Common shares and made a second payment on April 10, 2008 of \$500,000 cash plus 500,000 Mindoro Common shares. Furthermore, in the event that the nickel laterite prospect located on the Agata project should proceed to production and upon shipment of an aggregate one million tonnes of nickel laterite, Mindoro will pay Panoro \$500,000 cash plus an additional \$500,000 cash payment on the first anniversary of the shipment. Pursuant to the purchase of Panoro's interest, the Company will assume all of Panoro's obligations under the Surigao Option Agreement.

On February 6, 2008, MRL Gold Phils., Inc. signed a Memorandum of Agreement (MOA) with the Mamanwa and Manobo Tribes and the National Commission on Indigenous Peoples. The MOA will allow the people of the Mamanwa and Manobo Tribes to participate in the Company's future by granting a royalty of one percent of the gross output of any mining project. In addition to the royalty payments, Mindoro has committed to provide skills training, employment opportunities, educational scholarships, and medical and dental services. The MOA also ensures the preservation and development of the community's culture, traditions and institutions, and the protection of burial grounds and sacred places.

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 US\$1,500,000 in eligible mining expenditures by January 21, 2006; and



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- (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 MPSA's 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, 2009.

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 November 2008, Egerton agreed to waive the Phase Two performance requirements and the Company issued the requisite 500,000 common shares to Egerton and received an additional 24 percent indirect interest in the Batangas Projects, bringing the Company's total direct and indirect interest to 75 percent.

Purchase of Egerton Shares, Interest and Option

On November 28, 2008, the Company entered into purchase and option agreements with the Egerton shareholders (the "Egerton Shareholder Agreements") whereby the Company acquired 100 percent direct and indirect interest in Egerton, thereby indirectly acquiring the remaining 25 percent interest in the Batangas Projects. Under the Egerton Shareholder Agreements, the Company:

- (i) Purchased 40 percent of the outstanding capital stock of Egerton;
- (ii) Acquire the rights and interest in the remaining 60 percent of Egerton's outstanding capital stock and an irrevocable option to acquire these remaining shares; and
- (iii) Acquired a non-interest bearing loan owed by Egerton to Egerton shareholders in the amount of \$518,030, as at September 30, 2009.

Pursuant to receiving regulatory approval on January 15, 2009, the Company issued 7,500,000 Common shares to the Egerton shareholders to finalize the purchase and option agreements. These shares are subject to a hold period with 1,500,000 shares restricted from trading for six months, two million shares restricted for 12 months, two million shares restricted for 18 months and two million shares restricted for 24 months. The Egerton shareholders will also receive a one time payment of US\$1,000,000 at the start of production, applicable to the first deposit to start production only, and will be granted a one percent Net Smelter Royalty on all metals produced from the Batangas Projects.



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Gold Fields Group - Agreement

A non-binding letter agreement was signed on September 1, 2008 with a member of the Gold Fields group of companies ("Gold Fields") establishing the basic framework whereby Gold Fields may earn up to a 75 percent interest in three of the Batangas regional properties: El Paso, Lobo and Talahib. From the date of signing, there was a 90 day period for Gold Fields to complete its due diligence and also have exclusivity in relation to participation in these projects. The Company agreed to an extension of the terms under the letter agreement and on May 5, 2009 the Company announced that a Memorandum of Agreement was signed with Gold Fields. Gold Fields may earn up to a 75 percent interest in each of the three projects by sole funding exploration and a feasibility study on each project, subject to certain expenditure limits as described below. Gold Fields will manage each project whilst it is farming in. Additional earn-in terms are as follows:

- (i) Gold Fields may earn a 51 percent interest in the El Paso project and the Lobo project by spending AU \$4,000,000 on the relevant project within sixty months of the farm-in period formally commencing;
- (ii) Gold Fields may earn a 51 percent interest in the Talahib project by spending AU \$2,000,000;
- (iii) To earn 51 percent interest, Gold Fields must maintain a minimum annual expenditure commitment of AU \$350,000 per project; and,
- (iv) Upon earning 51 percent interest, Gold Fields may elect to continue sole funding of a project. Completing a feasibility study or contributing a milestone amount of expenditure will earn Gold Fields a further 24 percent interest in the relevant project. The milestone amount for each of the El Paso and Lobo projects is AU \$16,000,000 and the milestone amount for the Talahib project is AU \$12,000,000. The milestone amounts are in addition to the expenditure amounts for the initial earn-in phase of 51 percent.

Avocet Mining PLC - Agreement

A Memorandum of Understanding ("MOU") was signed September 22, 2008 with Avocet Mining PLC ("Avocet"), an experienced gold mining company with expertise in the region, to advance and potentially co-develop Kay Tanda. This MOU establishes the basic commercial framework whereby Avocet can earn up to a 75 percent interest in the Archangel project. Pursuant to the terms of the MOU, Avocet has been granted a six month period in which to complete its due diligence and have exclusivity in relation to participation in the project. During the due diligence period, Avocet is also required to fund an initial drill program, consisting of a minimum 1,500 meters of diamond drilling. Should Avocet decide to continue beyond the six month period and agreements are completed, the earn-in terms of the MOA include:

- (i) Avocet may earn up to 75 percent economic interest and 75 percent equity interest by funding all exploration on the Archangel property until reaching a Decision to Mine. Avocet will initially undertake a drilling program in the first six months and complete a minimum of 1,500 meters of diamond drilling; and,
- (ii) At Decision to Mine, Avocet will pay the Company \$4,000,000 and a Net Smelter Royalty of 2 percent on identified ounces. The Company may also participate at production with a 25 percent interest and the two parties will then be responsible to fund their share of the capital and operating costs.

The Company granted Avocet an extension to August 31, 2009, to complete their due diligence, whereupon Avocet advised that it would not be proceeding with further investment in the Kay Tanda project.

MEDUSA AGREEMENT: APICAL GOLD PROJECT

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

DELTA EARTHMOVING AGREEMENT: AGATA SOUTH NICKEL-IRON LATERITE PROSPECT

On March 7, 2008 the Company signed a Memorandum of Agreement and Mining Services Agreement (collectively, "the Agreements") with Delta Earthmoving Inc.. Under the terms of the Agreements, Delta will, at its sole cost and risk, carry out exploration over a target area of 1,800 hectares on the Agata South Nickel-Iron Laterite Prospect and may select an area of up to 250 hectares to advance to production. Delta will finance all exploration and, if warranted, mine development and production costs, as well as market the product. Delta will receive US \$10.50 per wet metric tonne mining cost and 55 percent of net profits. Mindoro Resources Ltd. and its partner Minimax will receive 45 percent of net profits (Mindoro Resources Ltd. 75 percent and Minimax 25 percent). Although Delta was required to select the final 250 hectares within six months of signing the agreement, the Company has informally agreed to an indefinite extension of the Agreements.

9. INVESTMENT IN AFFILIATE

On January 15, 2009, the Company's wholly-owned subsidiary, MRL Gold Phils., Inc. acquired 40 percent of the outstanding shares in Egerton Gold Philippines, Inc. (Egerton). However, Egerton fails to meet the CICA Emerging Issues Committee ("EIC") Abstract 124 – Definition of a Business ("EIC-124") for business combinations and as such the shares, advances and rights acquired (as described in Section 8) are carried at cost.

10. ADVANCES TO AFFILIATE

Advances to Egerton Gold Philippines, Inc. are non-interest bearing and have no specified terms of repayment. These advances represent part of the purchase agreement dated November 28, 2008 in exchange for shares of the Company, as described in Section 8.

11. TRANSACTIONS WITH RELATED PARTIES

- (i) MacPherson Leslie & Tyerman, LLP received \$19,149 (2008- \$13,495) for corporate legal counsel ; a director of the Company is counsel to the law firm. Virtus Group, LLP was paid \$925 (2008- \$400) for corporate operations consultation; a director of the Company is a partner in Virtus Group, LLP.



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- (ii) Directors of the Company were reimbursed for travel expenses amounting to \$6,065 (2008- \$11,165).
- (iii) An officer of the Company was compensated for management consulting services in the amount of \$37,746 (2008- \$24,000).
- (iv) Employee advances to two officers of the Company and one officer of a subsidiary of the Company in the amount of \$2,127 (2008- \$2,207) are included in accounts receivable.
- (v) Mineral properties and exploration costs include \$22,870 (2008- \$78,500) paid to MacPherson Leslie & Tyerman, LLP for legal counsel in connection with the properties.
- (vi) As at September 30, 2009, accounts payable and accrued liabilities includes \$151,460 (2008- \$nil) of salaries and benefits owing to two officers of the Company and one officer of a subsidiary of the Company.

12. CAPITAL STRUCTURE

Unlimited number of Common shares

Unlimited number of Preferred shares

Issued - Common shares	Number
Balance, December 31, 2008	90,757,405
Issued for mining properties (a)	7,500,000
Issued pursuant to private placements (b) & (h)	9,338,233
Issued on exercise of purchase warrants	125,000
Balance, September 30, 2009	107,720,638
Common share purchase warrants	
Balance, December 31, 2008	18,614,534
Issued pursuant to private placements (b) & (h)	9,536,233
Warrants expired (c) (g)	(18,489,534)
Warrants exercised (f)	(125,000)
Balance, September 30, 2009	9,536,233
Stock options	
Balance, December 31, 2008	7,145,500
Issued (e)	3,015,000
Forfeited/expired (d)	(300,500)
Balance, September 30, 2009	9,860,000

- (a) Pursuant to receiving regulatory approval on January 15, 2009 and as consideration for the purchase of mineral property rights, 40 percent of the shares in Egerton and shareholder advances (see Section 8), the Company issued a total of 7,500,000 Units to the shareholders of Egerton. As per the November 28, 2008 agreement, the Company issued 1,528,419 Units at \$0.10 per Unit (\$152,842) as gross consideration for mineral property rights in Egerton, 251,903 Units at \$0.10 per Unit (\$25,190) as gross consideration for 40 percent of the outstanding shares in Egerton and 5,719,678 Units at \$0.10 per Unit (\$571,968) as gross consideration for shareholder advances to Egerton. The issuance cost for the 7,500,000 Units totaled \$3,313 and was charged to share capital.



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- (b) In February of 2009, pursuant to a private placement, the Company issued 3,105,233 Units at \$0.15 per Unit for gross proceeds of \$465,785 less finders' fees and other costs of \$27,675. Each Unit consisted of one Common share and one Common share purchase warrant. Each warrant allows the holder to purchase one additional common share at a price of \$0.30 for a period of two years from the close of the offering. A total of 3,105,233 purchase warrants and 122,700 agent's warrants are exercisable pursuant to this Private Placement. The agent's warrant is exercisable at \$0.18 per Unit, where each Unit consists of one Common share. The fair value of purchase warrants issued in this Private Placement in the amount of \$255,333 was charged to share capital. The fair value of agent's warrants issued, in the amount of \$12,173, was also charged to share capital.
- (c) In January of 2009, 105,000 agent's warrants issued in January of 2007 expired.
- (d) A total of 300,500 stock options were cancelled due to forfeiture or expiration during the period, including: 50,000 options with an exercise price of \$0.23; 20,000 options with an exercise price of \$0.28; 30,000 options with an exercise price of \$0.29; 111,500 options with an exercise price of \$0.84; and 89,000 options with an exercise price of \$0.96.
- (e) In January of 2009, a director of the Company was granted 100,000 stock options priced at \$0.18 per option; in July, a consultant was granted 300,000 stock options with an exercise price of \$0.13 per option; in August, employees were granted 2,615,000 stock options with an exercise price of \$0.12 per option.
- (f) In May of 2009, 125,000 purchase warrants issued in May 2007 were exercised for gross proceeds of \$18,750. Issue costs amounted to \$750.
- (g) In May of 2009, 1,642,500 purchase warrants issued in December of 2006 expired; 750,000 purchase warrants issued in January of 2007 expired; 1,912,561 purchase warrants issued in May of 2007 expired and 208,756 agent's warrants issued in May of 2007 expired. In September of 2009, 13,482,000 purchase warrants and 388,717 agent's warrants, issued in September of 2007, expired.
- (h) In August of 2009, pursuant to a private placement, the Company issued 6,233,000 Units at \$0.10 per Unit for gross proceeds of \$623,300 less finders' fees and other costs of \$15,106. Each Unit consisted of one Common share and one Common share purchase warrant. Each warrant allows the holder to purchase one additional common share at a price of \$0.20 per share in the first year or \$0.30 per share in the second year. A total of 6,233,000 purchase warrants and 75,300 agent's warrants are exercisable pursuant to this Private Placement. The agent's warrant is exercisable at \$0.12 per Unit, where each Unit consists of one Common share. The fair value of purchase warrants issued in this Private Placement in the amount of \$384,704 was charged to share capital. The fair value of agent's warrants issued, in the amount of \$6,072, was also charged to share capital.

The following table summarizes information about Common share purchase warrants outstanding and exercisable as at September 30, 2009:

Number of Warrants	Exercise Price	Expiry Date
6,233,000	\$0.20	August 2010
3,105,233	\$0.30	February 2011
122,700	\$0.18	February 2011
75,300	\$0.12	August 2011
9,536,233		

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The following table summarizes the information about stock options outstanding at September 30, 2009:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.00 to \$0.19	3,065,000	4.52	\$0.13
\$0.20 to \$0.39	3,780,000	3.17	0.30
\$0.40 to \$0.59	150,000	1.01	0.48
\$0.60 to \$0.79	300,000	1.90	0.60
\$0.80 to \$1.00	2,565,000	2.17	0.88
	9,860,000	3.26	\$0.41

Share Data as of November 26, 2009

A total of 107,720,638 Common shares were issued and outstanding as of November 26, 2009. The Company had a total of 9,536,233 purchase warrants and 9,632,000 stock options outstanding as of November 26, 2009.

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13. SCHEDULE OF DEFERRED EXPLORATION EXPENDITURES

	For the Nine Months Ended September 30, 2009			For the Nine Months Ended September 30, 2008		
	Lobo	Archangel	Regional	Lobo	Archangel	Regional
BATANGAS PROJECTS						
General Exploration	7,974	22,244	(31,900)	6,319	95,239	102,698
Salaries & Benefits	3,225	947	44,501	9,413	30,229	131,728
Consulting & Prof. Fees	3,878	303	9,626	6,224	41,931	14,585
Legal & Accounting	78	85	28	2,803	1,794	8,508
JV Partner's Share in Costs	-	-	-	-	-	-
Camp, Road Construction	-	-	-	-	687	3,258
Travel	-	223	742	1,427	4,414	19,933
Geology, Geophysics	-	-	-	1,014	16,237	8,305
Drilling	-	-	-	-	31,949	-
Mapping, Sampling	-	-	-	1,166	100	13,092
Acquisition Costs	33,896	11,298	112,988	-	9	(451)
Community, Environmental	-	584	5,162	2,785	12,156	34,885
Total additions	\$ 49,051	\$ 35,684	\$ 141,147	\$ 31,151	\$ 234,745	\$ 336,541
SURIGAO PROJECTS						
	Agata	Tapian		Agata	Tapian	
General Exploration	(29,331)	8,724		(140,089)	135,498	
Salaries & Benefits	257,495	88,269		427,556	33,561	
Consulting & Prof. Fees	8,693	77		118,600	5,119	
Legal & Accounting	153	16		401	2	
JV Partner's Share in Costs	109,628	31,275		419,806	49,098	
Camp, Road Construction	1,555	7		9,425	1,887	
Travel	12,499	907		54,979	9,222	
Geology, Geophysics	13,255	-		174,656	16,204	
Drilling	29,698	165		295,373	7,529	
Mapping, Sampling	537	670		23,964	1,630	
Acquisition Costs	12,226	-		(26,507)	29,210	
Community, Environmental	61,552	6,710		128,289	33,287	
Development Costs	-	-		130,671	(60,989)	
Total additions	\$ 477,960	\$ 136,820		\$ 1,617,124	\$ 261,258	
OTHER PROJECTS						
	Pan de Azucar	Mat-I	Other	Pan de Azucar	Mat-I	Other
General Exploration	1,789	33	-	4,268	-	-
Salaries & Benefits	1,877	150	-	258	-	-
Travel	351	59	-	537	-	-
Mapping, Sampling	-	108	-	-	-	-
Community, Environmental	2,421	-	-	2,745	-	-
Acquisition Costs	-	-	-	-	-	-
Total additions	\$ 6,438	\$ 350	\$ -	\$ 7,808	\$ -	\$ -

14. FINANCIAL INSTRUMENTS

Fair value

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the short term nature of these instruments.

Risk management

The Company may be exposed to risks of varying degrees associated with its financial instruments. The Company has not used derivative instruments, nor has it designated any hedging relationships to manage these risks. There has been no change to how the Company manages each of the below risks from the prior period. The principal risks to which the company is exposed are described below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company had approximately \$0.92 million in cash and cash equivalents at September 30, 2009, on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk, deemed to be immaterial by management of the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and accounts receivable.

The majority of the Company's cash and cash equivalents are held with major financial institutions in Canada and the Philippines. A significant portion of the Company's Canadian accounts receivable is owing from the Canadian and other governments for the reimbursement of sales taxes. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's functional and reporting currency is the Canadian dollar. Foreign operations are conducted in the Philippines and operating expenditures are primarily made in Philippine Pesos. There is immaterial exposure to exchange rate fluctuations in the Peso as the financial assets and liabilities of this subsidiary are not material to the operations of the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The Company's working capital, (current assets less current liabilities), at September 30, 2009 is approximately \$0.85 million. The Company manages liquidity risk through management of its capital as disclosed in Section 15. As disclosed in Section 3, the continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. The Company may have to seek additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

15. CAPITAL DISCLOSURE

The Company's objectives in managing its capital are to maintain adequate levels of funding to support its operations; to perform diverse mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit. In order to maintain or adjust its capital, the Company, upon approval from its Board of Directors, may undertake a private placement or any other activity deemed appropriate under the specific circumstances. The Board of Directors of the Company reviews and approves any material transactions out of the ordinary course of business, including proposals on joint ventures, acquisitions or other major investments or divestitures, as well as capital and operating budgets. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits.

The Company may, from time to time, invest in short-term and liquid financial instruments held with major financial institutions, or in marketable securities. The Company does not maintain a formal investing strategy. The Company has no externally imposed capital requirements.

The Company's capital consists of the items included in shareholders' equity.

16. EVENTS SUBSEQUENT TO SEPTEMBER 30, 2009

On October 29, 2009 a total of 228,000 Company employee stock options were forfeited. The option exercise prices ranged from \$0.28 to \$0.96, per stock option. The forfeitures resulted from employee terminations.

17. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) MINERAL PROPERTIES AND EXPLORATION COSTS

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

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.

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

Incidental revenue derived from management fees from third parties are 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 comprehensive loss.

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.

(B) STOCK-BASED COMPENSATION

The Company has a stock option plan as described in note 8.

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

(C) 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 the loss for the period.

(D) ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2009, the Company adopted the Handbook Section 3064 - Goodwill and Intangible Assets ("Section 3064"), which replaces CICA Handbook Sections 3062 - Goodwill and Other Intangible Assets ("Section 3062") and 3450 - Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in Section 3062. The adoption of Section 3064 did not result in a material impact on the Company's consolidated financial statements.

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC-173 did not result in a material impact on the Company's consolidated financial statements.

In March 2009, the CICA issued EIC Abstract 174 - Mining Exploration Costs ("EIC-174") which supercedes EIC Abstract 126 - Accounting by Mining Enterprises for Exploration Costs ("EIC-126"), to provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs is required. EIC 174 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC - 174 did not result in a material impact on the Company's consolidated financial statements.



(E) ACCOUNTING POLICIES IMPLEMENTED EFFECTIVE JANUARY 1, 2009

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian public companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards (“IFRS”) over a transition period from 2006 to 2011. In February, 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. As this assessment is finalized, the Company intends to disclose such impacts in its future consolidated financial statements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company’s consolidated financial statements will only be measured once all the applicable IFRS standards at the conversion date are known.

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations (“Section 1582”), 1601 – Consolidated Financial Statements (“Section 1601”) and 1602 – Non-controlling Interests (“Section 1602”) which replaces CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time. The Company is assessing the impact of the new standards on its future reporting periods.

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2009



MINDORO
RESOURCES LTD

18. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Company's accounting policies, information technology and data systems, internal controls over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency activities, certain contractual arrangements, capital requirements and compensation arrangements.

The Company commenced the scoping and planning phase of its changeover plan in the fourth quarter of 2008. The appropriate resources have been designated to the project to develop an effective plan and will continue to assess resource and training requirements as the project progresses. The Company has identified the following four phases of its conversion plan: scoping and planning, detailed assessment, operations implementation and post implementation. The scoping and planning phase involves establishing a project management team, mobilizing organizational support for the conversion plan, obtaining stakeholder support for the project, identifying major areas affected and developing a project charter, implementation plan and communication strategy. The Company has substantially completed the scoping and planning phase. The detailed assessment phase ("phase 2") has commenced in 2009 and will result in accounting policies and transitional exemptions decisions, quantification of financial statement impact, preparation of shell financial statements and identification of business processes and resources impacted. The operations implementation phase ("phase 3") includes the design of business, reporting and system processes to support the compilation of IFRS compliant financial data for the opening balance sheet at January 1, 2010, fiscal 2010 and thereafter. Phase 3 also includes ongoing training, testing of the internal control environment and updated processes for disclosure controls and procedures. Post implementation ("phase 4") will include sustainable IFRS compliant financial data and processes for fiscal 2011 and beyond. The Company will continue to monitor changes in IFRS throughout the duration the implementation process and assess their impacts on the organization and its reporting.



Consolidated Balance Sheets (Unaudited)

	September 30, 2009	December 31, 2008
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 923,594	\$ 1,387,898
Accounts receivable (Note 3)	48,596	49,627
Prepaid expenses and other current assets (Note 4)	293,769	78,924
	1,265,959	1,516,449
INVESTMENT IN AFFILIATE (Note 5)	25,190	-
ADVANCES TO AFFILIATE (Note 6)	518,030	-
MINERAL PROPERTIES AND EXPLORATION COSTS (Note 7)	21,871,952	20,993,891
PROPERTY AND EQUIPMENT (Note 8)	160,646	354,601
	\$ 23,841,777	\$ 22,864,941
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 408,545	\$ 404,317
ACCRUED BENEFIT OBLIGATION	114,933	128,984
FUTURE INCOME TAXES	721,428	811,864
	1,244,906	1,345,165
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	32,356,785	31,273,311
Contributed surplus (Note 10)	8,373,908	6,835,341
Deficit	(18,133,822)	(16,588,876)
	22,596,871	21,519,776
	\$ 23,841,777	\$ 22,864,941
SUBSEQUENT EVENTS (Note 18)		



Consolidated Statements of Loss, Comprehensive Loss and Deficit (Unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
REVENUE				
Interest	\$ 2,936	\$ 7,822	\$ 8,357	\$ 93,998
EXPENSES				
Administration	1,467	4,981	7,575	23,596
Advertising and promotion	11,528	59,665	32,340	99,415
Prepaid expenses and other current assets (Note 4)	6,372	9,434	19,640	25,876
Conferences and trade shows	3,201	6,086	19,445	43,714
Consulting and professional fees	9,686	10,797	31,524	99,738
Investor relations consultants	19,000	48,954	49,000	135,724
Listing fees and shareholder communications	2,091	5,291	20,113	27,233
Office, postage and sundry	18,276	28,060	47,433	67,192
Printing	224	4,013	1,686	9,288
Rent	15,780	24,754	69,919	62,908
Salaries and benefits (Note 13)	107,493	155,574	357,411	464,001
Stock based compensation - employees	285,280	226,023	760,482	486,740
Stock based compensation - consultants	5,511	7,952	32,040	15,351
Travel	8,877	45,190	48,917	103,578
Foreign exchange loss (gain)	(3,790)	2,317	(42,280)	15,143
Depreciation and amortization	37,828	12,626	70,777	33,626
	528,824	651,717	1,526,022	1,713,123
Loss Before Other Items	(525,888)	(643,895)	(1,517,665)	(1,619,125)
Other Items				
Loss on disposal of property and equipment	(19,391)	-	(27,281)	(2,949)
Write down of mineral properties and exploration costs	-	-	-	-
Net loss and comprehensive loss	(545,279)	(643,895)	(1,544,946)	(1,622,074)
Deficit, beginning of period	(17,588,543)	(14,321,728)	(16,588,876)	(13,343,549)
Deficit, end of period	\$ (18,133,822)	\$ (14,965,623)	\$ (18,133,822)	\$ (14,965,623)
Basic and diluted loss per share - basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average shares outstanding	104,062,138	90,257,405	101,413,751	89,959,814



Consolidated Statements of Cash Flows (Unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net loss	\$ (545,279)	\$ (643,895)	\$ (1,544,946)	\$ (1,622,074)
Items not affecting cash				
Stock-based compensation - employees	285,280	226,023	760,482	486,740
Stock-based compensation - consultants	5,511	7,952	32,040	15,351
Depreciation and amortization	37,828	12,626	70,777	33,626
Provision for future income tax expense	(36,423)	-	(90,436)	-
Accrued benefit obligation	(5,659)	(1,125)	(14,051)	(5,015)
Loss on write down of property and equipment	19,391	-	27,281	2,949
Changes in non-cash working capital (Note 10)	(182,296)	143,988	(209,586)	(445,600)
	(421,647)	(254,431)	(968,439)	(1,534,023)
INVESTING				
Advances to affiliates	25,505	-	53,938	-
Expenditures on mineral properties and exploration costs	(260,707)	(1,066,997)	(674,219)	(2,390,660)
Net cash flow from property and equipment disposition (acquisitions)	57,766	(8,396)	63,425	(219,688)
	(177,435)	(1,075,393)	(556,856)	(2,610,348)
FINANCING				
Issue of share capital, net of issuance costs	608,194	(27)	1,060,991	119,636
	608,194	(27)	1,060,991	119,636
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	9,112	(1,329,851)	(464,304)	(4,024,735)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	914,482	3,978,675	1,387,898	6,673,559
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 923,594	\$ 2,648,824	\$ 923,594	\$ 2,648,824
Non Cash Investing/Financing Activities				
Stock-based compensation - mineral properties	9,280	38,649	18,528	79,692
Common shares issued for investment in affiliate	-	-	25,190	-
Common shares issued for advances to affiliate	-	-	571,968	-
Depreciation and amortization for mineral properties	5,868	11,679	32,472	39,126
Supplemental cash flow information				
Interest received	519	7,822	5,940	91,890

Notes to Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2009



MINDORO
RESOURCES LTD

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. 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.

The Company experienced a decline in its share price during the previous year, along with capital markets in general. This decline has caused management to reevaluate plans to pursue additional sources of funding going forward. Management's amended plans include continuing to pursue financing through equity offerings, the exercise of outstanding warrants, seeking joint venture partners to fund exploration, reducing exploration activity and reducing overhead costs. As disclosed in Note 9, on February 13, 2009, the Company closed a private placement for gross proceeds of \$465,785. On August 25, 2009, the Company closed another private placement for gross proceeds of \$623,300. As a result of these actions, management expects that the Company will have sufficient capital to fund operations and keep its mineral properties in good standing for the current fiscal year.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(A) PRINCIPLES OF CONSOLIDATION

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

(B) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at banks, on hand and cash deposited in term deposits, with original terms to maturity of less than 90 days.

(C) MINERAL PROPERTIES AND EXPLORATION COSTS

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

Notes to Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2009



MINDORO
RESOURCES LTD

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.

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

Incidental revenue derived from management fees from third parties are 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 comprehensive loss.

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.

(D) 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 following annual rates and methods:

Computer Hardware and Software	30 percent declining balance
Vehicles and Field Equipment	20 percent straight-line
Office Equipment & Furnishings	20 percent declining balance
Leasehold Improvements	straight-line over the lease term

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of its carrying amount to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds its fair value. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

Notes to Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2009



MINDORO
RESOURCES LTD

(E) STOCK-BASED COMPENSATION

The company has a stock option plan as described in Note 9.

Stock-based compensation granted to employees, directors, officers and non-employees is accounted for using the fair value method. Compensation expense is amortized over the vesting period of the options, with a corresponding increase in contributed surplus. Any consideration paid on the exercise of stock options is credited to share capital. Contributed surplus recognized as a result of granting options is 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 temporary differences between the carrying values of balance sheet items and their corresponding tax bases. 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 enacted or substantively enacted tax laws and rates that are anticipated to apply in the period of realization. The effect on future income tax assets and liabilities from a change in tax rates is recognized in the period of enactment or substantive enactment.

(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 weighted average number of shares outstanding at the end of the period.

(H) MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant estimates made by management include assessing the recoverability of mineral properties and exploration costs, property and equipment, stock-based compensation, future income tax and employee future benefits. 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 the loss for the period.

Notes to Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2009



MINDORO
RESOURCES LTD

(J) EMPLOYEE FUTURE BENEFITS

The Company's wholly-owned subsidiary, MRL Gold Phils., Inc., has an unfunded, defined benefit retirement plan covering the retirement, separation, death and disability benefits of all its eligible employees. The Company has adopted the following policies:

- i. The cost of the accrued benefit obligations for pensions earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages and other actuarial factors.
- ii. Past service costs from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.
- iii. Actuarial gains (losses) on plan assets arise from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10 percent of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.
- iv. When a restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement.

(K) FINANCIAL INSTRUMENTS

The Company classifies its financial instruments into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets and other financial liabilities as outlined below:

Financial instrument classification	As classified by the Company	Initial and subsequent measurement
Assets or liabilities held for trading	Cash and cash equivalents	Fair value; realized and unrealized gains and losses recognized in net income
Loans and receivables	Accounts receivable	Initially recorded at fair value and measured subsequently at amortized cost using the effective interest rate method
Other financial liabilities	Accounts payable and accrued liabilities	Initially recorded at fair value and measured subsequently at amortized cost using the effective interest rate method

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value represents a point-in-time measurement that may change in subsequent reporting periods due to market conditions or other factors.

The trade date is used to account for regular way purchase or sale contracts.

Transaction costs relating to financial assets and liabilities classified as other than held-for-trading are accounted for as part of the respective asset or liability's carrying value at inception and amortized over the expected life of the instrument using the effective interest method. The effective interest method calculates the amortized cost of a financial asset or liability and allocates the interest income or expense over the term of the financial asset or liability using an effective interest rate.

Notes to Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2009



MINDORO
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Derivative financial instruments, including non-financial derivatives, are classified as held-for-trading and measured at fair value unless designated as hedging instruments or exempted from derivative treatment as a normal purchase or sale. Certain derivatives embedded in other contracts, are separated from the host contract and measured at fair value when the risks and characteristics are not closely related to the host contract and the host contract is not recorded at fair value. As at September 30, 2009, the Company is not party to any material derivative instruments or embedded derivatives, nor has it designated any hedging relationships.

(L) ACCOUNTING POLICIES IMPLEMENTED EFFECTIVE JANUARY 1, 2009

On January 1, 2009, the Company adopted the Handbook Section 3064 - Goodwill and Intangible Assets ("Section 3064"), which replaces CICA Handbook Sections 3062 - Goodwill and Other Intangible Assets ("Section 3062") and 3450 - Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill are unchanged from the standards included in Section 3062. The adoption of Section 3064 did not result in a material impact on the Company's consolidated financial statements.

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC-173 did not result in a material impact on the Company's consolidated financial statements.

In March 2009, the CICA issued EIC Abstract 174 - Mining Exploration Costs ("EIC-174") which supercedes EIC Abstract 126 - Accounting by Mining Enterprises for Exploration Costs ("EIC-126"), to provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs is required. EIC 174 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retroactive application. The adoption of EIC - 174 did not result in a material impact on the Company's consolidated financial statements.

(M) FUTURE ACCOUNTING CHANGES

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian public companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period from 2006 to 2011. In February, 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. As this assessment is finalized, the Company intends to disclose such impacts in its future consolidated financial statements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the applicable IFRS standards at the conversion date are known.



Notes to Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2009

MINDORO
RESOURCES LTD

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations (“Section 1582”), 1601 – Consolidated Financial Statements (“Section 1601”) and 1602 – Non-controlling Interests (“Section 1602”) which replaces CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time. The Company is assessing the impact of the new standards on its future reporting periods.

3. ACCOUNTS RECEIVABLE

Accounts receivable includes input tax credits receivable of \$11,712, employee advances receivable of \$6,311, reimbursement receivable due from a joint venture partner for \$21,536, and sundry other amounts receivable.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses include a refundable option deposit plus interest, for \$189,795, advanced for a mineral property. Also included are sundry refundable deposits for office space, travel and memberships, in the amount of \$103,974.

5. INVESTMENT IN AFFILIATE

On January 15, 2009, the Company’s wholly-owned subsidiary, MRL Gold Phils., Inc. acquired 40 percent of the outstanding shares in Egerton Gold Philippines, Inc. (Egerton). However, Egerton fails to meet the CICA Emerging Issues Committee (“EIC”) Abstract 124 – Definition of a Business (“EIC-124”) for business combinations and as such the shares, advances and rights acquired (as described in Note 7) are carried at cost.

6. ADVANCES TO AN AFFILIATE

Advances to Egerton Gold Philippines, Inc. are non-interest bearing and have no specified terms of repayment. These advances represent part of the purchase agreement dated November 28, 2008 in exchange for shares of the Company as described in Note 7.

7. MINERAL PROPERTIES AND EXPLORATION COSTS

Project	Balance		Balance		Balance	
	December 31, 2007	Expenditures	December 31, 2008	Expenditures	September 30, 2009	
Agata	\$ 3,350,795	\$ 2,124,812	\$ 5,475,607	\$ 477,960	\$ 5,953,567	
Tapian	2,165,916	365,368	2,531,284	136,820	2,668,104	
Mat-I	69,541	-	69,541	350	69,891	
Pan de Azucar	620,155	41,163	661,318	6,438	667,756	
Batangas	2,088,806	522,988	2,611,794	141,147	2,752,941	
Lobo	2,505,521	71,583	2,577,104	49,051	2,626,155	
Archangel	6,627,656	263,327	6,890,983	35,684	6,926,667	
	17,428,390	3,389,241	20,817,631	847,450	21,665,081	
Royalty Deposits	141,416	34,844	176,260	30,611	206,871	
	\$ 17,569,806	\$ 3,424,085	\$ 20,993,891	\$ 878,061	\$ 21,871,952	

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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. Some of the commitments are denominated in Philippine Pesos ("PP"):

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 percent 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 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 amount of 20 million PP in eligible mining expenditures allocated to the properties as defined in the MOA;
- ii. Phase two – incurring an additional aggregate amount of 75 million PP in eligible mining expenditures allocated to the properties as defined in the MOA; and
- iii. Phase three – incurring an additional aggregate amount of 75 million PP in eligible mining expenditures allocated to the properties as defined in the MOA.

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 negotiated an extension to the 2004 deadline. On October 28, 2008 an Amending Agreement to the January 1997 Memorandum of Agreement between the Company and Minimax Mineral Exploration Corporation (Minimax) was completed. The Amending Agreement extends the deadline for the Phase three expenditure requirement of 15,000,000 PP on the Pan de Azucar property to October 27, 2010. As consideration for the extension provided therein, the Company paid Minimax US\$25,000 upon signing the Amending Agreement and will pay US\$15,000 on the one year anniversary of the signing;
- 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; and,

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- 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. However, in keeping with Canadian GAAP to write-down projects dormant for three years or longer, \$102,136 in Lahuy assets were written off in 2005.

As of September 30, 2009, the Company has met phase one expenditure requirements on all properties under this agreement; phase two expenditure requirements on Agata, Tapian, and Pan de Azucar properties; and phase three expenditure requirements on Agata and Tapian properties.

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

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 initial cash payment of US \$75,000, and, thereafter, make further payments of US\$75,000 annually for 4 years. Beginning in year five to commencement of production, annual payments of US\$125,000 will be made. A net smelter royalty of one percent against the additional 15 percent interest in mineral reserves shall also be payable to Minimax. MRL may, at any time, terminate the Additional Interest Option without penalty. In May 2006, the Company issued 75,000 Common shares to Minimax as consideration for granting the option with a total value of \$63,690.

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

Pursuant to the Surigao Option Agreement ("SOA") effective June 21, 2004, Panoro Minerals Ltd. ("Panoro") 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 50,000 of its common shares to the Company. These 50,000 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 of 2005.

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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 the Company 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. The ownership interest in the Agata and Tapian properties was now 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. On October 11, 2006, the Mines Department approved the exploration permit for this property and the requisite 100,000 Common shares were issued to the vendor in January 2007;
- 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 shares were issued accordingly. 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 and were issued accordingly;
- iii. Issue 250,000 Company Common shares and 250,000 Panoro Common shares to the vendor at feasibility study stage on the property. The Company has not yet met the requirements to issue these shares; 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 Company has not yet met the requirements to issue these shares.

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

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

- i. Issue 62,500 Company Common shares upon registration of each EP. The Company has not yet met the requirements to issue these shares;
- ii. Issue 87,500 Company Common shares on the first anniversary of the registration of each EP. The Company has not yet met the requirements to issue these shares; and
- iii. Payment to the vendor of quarterly advance royalties in the amount of 88,000 PP and 87,000 PP commencing after registration of the Tibur and Macana EPs, respectively.

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

On March 14, 2007 the Company agreed to the purchase of Panoro's 40 percent interest in the Surigao projects previously earned by Panoro under the Surigao Option Agreement. Upon closing, as consideration for the purchase of the interest, Mindoro will pay Panoro \$750,000 cash plus 500,000 Mindoro Common shares; Mindoro will make a second payment of \$500,000 cash plus 500,000 Mindoro Common shares on the first anniversary of the closing. Furthermore, in the event that the nickel laterite prospect located on the Agata project should proceed to production and upon shipment of an aggregate one million tonnes of nickel laterite, Mindoro will pay Panoro \$500,000 cash plus an additional \$500,000 cash payment on the first anniversary of the shipment. The purchase and sale agreements received regulatory approval on April 10, 2007 and the requisite payments of cash and issues of common shares to Panoro were completed upon the closing and the first anniversary of the closing. Pursuant to the purchase of Panoro's interest, the Company will assume all of Panoro's obligations under the Surigao Option Agreement.

On February 6, 2008, MRL Gold Phils., Inc. signed a Memorandum of Agreement (MOA) with the Mamanwa and Manobo Tribes and the National Commission on Indigenous Peoples. The MOA will allow the people of the Mamanwa and Manobo Tribes to participate in the Company's future by granting a royalty of one percent of the gross output of any mining project. In addition to the royalty payments, Mindoro has committed to provide skills training, employment opportunities, educational scholarships, and medical and dental services. The MOA also ensures the preservation and development of the community's culture, traditions and institutions, and the protection of burial grounds and sacred places.

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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 US\$1,500,000 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, 2009.

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 November 2008, Egerton agreed to waive the Phase Two performance requirements and the Company issued the requisite 500,000 common shares to Egerton and received an additional 24 percent indirect interest in the Batangas Projects, bringing the Company's total direct and indirect interest to 75 percent.

Purchase of Egerton Shares, Interest and Option

On November 28, 2008, the Company entered into purchase and option agreements with the Egerton shareholders (the "Egerton Shareholder Agreements") whereby the Company acquired 100 percent direct and indirect interest in Egerton, thereby indirectly acquiring the remaining 25 percent interest in the Batangas Projects. Under the Egerton Shareholder Agreements, the Company:

- i. Purchased 40 percent the outstanding capital stock of Egerton;
- ii. Acquired the rights and interest in the remaining 60 percent of Egerton's outstanding capital stock and an irrevocable option to acquire these remaining shares; and
- iii. Acquired a non-interest bearing loan owed by Egerton to Egerton shareholders.

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Pursuant to receiving regulatory approval on January 15, 2009, the Company issued 7,500,000 Common shares to the Egerton shareholders to finalize the purchase and option agreements. These shares are subject to a hold period with 1,500,000 shares restricted from trading for six months, two million shares restricted for 12 months, two million shares restricted for 18 months and two million shares restricted for 24 months. The Egerton shareholders will also receive a one time payment of US\$1,000,000 at the start of production, applicable to the first deposit to start production only, and will be granted a one percent Net Smelter Royalty on all metals produced from the Batangas Projects.

Gold Fields Joint Venture: Porphyry Copper-Gold Projects in Batangas Province

A non-binding letter agreement was signed September 1, 2008 with a member of the Gold Fields group of companies ("Gold Fields") establishing the basic framework whereby Gold Fields may earn up to a 75 percent interest in three of the Batangas regional properties: El Paso, Lobo and Talahib. From the date of signing, there was a 90 day period for Gold Fields to complete its due diligence and also have exclusivity in relation to participation in these projects. The Company agreed to an extension of the terms under the letter agreement and on May 5, 2009 the Company announced that a Memorandum of Agreement was signed with Gold Fields. Gold Fields may earn up to a 75 percent interest in each of the three projects by sole funding exploration and a feasibility study on each project, subject to certain expenditure limits as described below. Gold Fields will manage each project whilst it is farming in. Additional earn-in terms are as follows:

- i. Gold Fields may earn a 51 percent interest in the El Paso project and the Lobo project by spending AU \$4,000,000 on the relevant project within sixty months of the farm-in period formally commencing;
- ii. Gold Fields may earn a 51 percent interest in the Talahib project by spending AU\$2,000,000;
- iii. Gold Fields must maintain a minimum annual expenditure commitment of AU\$350,000 per project; and
- iv. Upon earning 51 percent interest, Gold Fields may elect to continue sole funding of a project. Completing a feasibility study or contributing a milestone amount of expenditure will earn Gold Fields a further 24 percent interest in the relevant project. The milestone amount for each of the El Paso and Lobo projects is AU\$16,000,000 and the milestone amount for the Talahib project is AU\$12,000,000. The milestone amounts are in addition to the expenditure amounts for the initial earn-in phase of 51 percent.

Avocet Mining PLC Due Diligence: Kay Tanda Project

A Memorandum of Understanding ("MOU") was signed September 22, 2008 with Avocet Mining PLC ("Avocet") to advance and potentially co-develop Kay Tanda. This MOU establishes the basic commercial framework whereby Avocet can earn up to a 75 percent interest in the Archangel project. Pursuant to the terms of the MOU, Avocet was granted a six month period in which to complete its due diligence and have exclusivity in relation to participation in the project. During the due diligence period, Avocet was also required to fund an initial drill program, consisting of a minimum 1,500 meters of diamond drilling. Should Avocet decide to continue beyond the due diligence period and agreements are completed, the earn-in terms of the MOU include:

- i. Avocet may earn up to 75 percent economic interest and 75 percent equity interest by funding all exploration on the Archangel property until reaching a Decision to Mine. Avocet will initially undertake a drilling program in the first six months and complete a minimum of 1,500 meters of diamond drilling; and
- ii. At Decision to Mine, Avocet will pay the Company \$4,000,000 and a Net Smelter Royalty of 2 percent on identified ounces. The Company may also participate at production with a 25 percent interest and the two parties will then be responsible to fund their share of the capital and operating costs.

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The Company agreed to an extension of the six month due diligence period to August 31, 2009, whereupon Avocet advised that it would not be proceeding with further investment in the Kay Tanda project.

Medusa Agreement: Apical Gold Project

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

Delta Earthmoving Agreement: Agata South Nickel-Iron Laterite Prospect

On March 7, 2008 the Company signed a Memorandum of Agreement and Mining Services Agreement (collectively, “the Agreements”) with Delta Earthmoving Inc. Under the terms of the Agreements, Delta will, at its sole cost and risk, carry out exploration over a target area of 1,800 hectares on the Agata South Nickel-Iron Laterite Prospect and may select an area of up to 250 hectares to advance to production. Delta will finance all exploration and, if warranted, mine development and production costs, as well as market the product. Delta will receive US\$10.50 per wet metric tonne mining cost and 55 percent of net profits. Mindoro Resources Ltd. and its partner Minimax will receive 45 percent of net profits (Mindoro Resources Ltd. 75 percent and Minimax 25 percent). Although Delta was required to select the final 250 hectares within six months of signing the agreement, the Company has informally agreed to an indefinite extension of the Agreements.

8. PROPERTY AND EQUIPMENT

	September 30, 2009			December 31, 2008		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Computer hardware	\$ 81,024	\$ 52,214	\$ 28,810	\$ 87,374	\$ 44,532	\$ 42,842
Computer software	127,301	85,988	41,313	127,567	75,534	52,033
Vehicles	82,798	41,784	41,014	120,114	45,635	74,479
Field equipment	41,415	28,278	13,137	131,556	33,593	97,963
Office equipment & furnishings	78,207	43,528	34,679	78,786	37,860	40,926
Leasehold improvements	81,111	79,418	1,693	79,192	32,834	46,358
	<u>\$ 491,856</u>	<u>\$ 331,210</u>	<u>\$ 160,646</u>	<u>\$ 624,589</u>	<u>\$ 269,988</u>	<u>\$ 354,601</u>

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- c. In March of 2009, with regulatory approval, the Company revised the exercise price of 2,037,561 warrants due to expire on May 29, 2009 at an exercise price of \$1.25 per share. These warrants were issued pursuant to a private placement of 4,075,122 shares which was accepted for filing by the TSX Venture Exchange on May 29, 2007. The amended exercise price of each warrant is \$0.15. The fair value of the revised purchase warrants of \$69,236 and issue cost of \$750 were charged to share capital.
- d. In December of 2008, with regulatory approval, the Company revised the terms of 2,392,500 warrants, originally due to expire on December 20, 2008, and January 3, 2009, at an exercise price of \$1.25 per share. These warrants were issued pursuant to a private placement of 4,785,000 shares which was accepted for filing by the TSX Venture Exchange on January 23, 2007. The amended exercise price of each warrant is \$0.15 and the warrant expired on May 29, 2009. The fair value of the revised purchase warrants of \$43,217 and issue cost of \$750 were charged to share capital.
- e. In 2008, pursuant to the exercise of stock options, the Company issued 555,000 Common shares for net proceeds of \$119,664. Stock-based compensation costs amounting to \$99,700 were re-classified to share capital upon exercise of these options.
- f. As consideration for the purchase of Panoro Mineral Ltd's forty percent interest in the Surigao projects previously earned by Panoro under the Surigao Option Agreement (Note 7) the Company issued 500,000 Common shares to Panoro in April, 2007. Pursuant to the one year anniversary of the closing of the April 2007 agreement, an additional 500,000 shares were issued to Panoro in April, 2008. Under an original October 2000 agreement with Egerton Gold Philippines Inc. the Company had earned a fifty-one percent direct and indirect interest in the Batangas Projects and had the right to acquire an additional twenty-four percent indirect interest by taking any one deposit to feasibility and issuing 500,000 Common shares to Egerton or its assignees. Egerton agreed to waive the feasibility requirement and the Company issued the requisite 500,000 common shares in November 2008, bringing the Company's total direct and indirect interest to seventy-five percent.
- g. In January of 2009, 105,000 agent's warrants issued in January of 2007 expired. In May of 2009, 4,513,817 purchase warrants issued in December of 2006, January of 2007 and May of 2007 expired. In April of 2008, 2,112,859 purchase warrants and 119,548 agent's warrants, issued in April of 2006, expired. In September of 2009, 13,482,000 purchase warrants and 388,717 agent's warrants, issued in September, 2007, expired.
- h. In May of 2009, 125,000 purchase warrants were exercised at an exercise price of \$0.15 for gross proceeds of \$18,750.
- i. In August of 2009, pursuant to a private placement, the Company issued 6,233,000 Units at \$0.10 per Unit for gross proceeds of \$623,300 less finders' fees and other costs of \$15,105. Each Unit consisted of one Common share and one Common share purchase warrant. Each warrant allows the holder to purchase one additional common share at a price of \$0.20 per share in the first year or \$0.30 per share in the second year. A total of 6,233,000 purchase warrants and 75,300 agent's warrants are exercisable pursuant to this Private Placement. The agent's warrant is exercisable at \$0.12 per Unit, where each Unit consists of one Common share. The fair value of purchase warrants issued in this Private Placement in the amount of \$384,704 was charged to share capital. The fair value of agent's warrants issued, in the amount of \$6,072, was also charged to share capital.



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The following table summarizes information about Common share purchase warrants outstanding and exercisable as at September 30, 2009:

September 30, 2009			December 31, 2008		
Number of Warrants	Exercise Price	Expiry Date	Number of Warrants	Exercise Price	Expiry Date
6,233,000	0.20	August 2010	105,000	\$0.70	January 2009
3,105,233	0.30	February 2011	2,392,500	0.15	May 2009
122,700	0.18	February 2011	208,756	0.70	May 2009
75,300	0.12	August 2011	2,037,561	1.25	May 2009
9,536,233			388,717	0.60	September 2009
			13,482,000	1.10	September 2009
			18,614,534		

The grant date fair value of common share purchase warrants are recorded as an increase to contributed surplus and a decrease to share capital as an issue cost of each private placement. The fair value of common share purchase warrants are estimated at the grant date using the Black-Scholes pricing model. The warrants issued in the first nine months of 2009 were valued using the following weighted average assumptions:

	Nine Months Ended September 30, 2009
Risk Free Interest Rate	1.30%
Expected Life	1.67 years
Expected Volatility	145%
Expected Dividend	-

The company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan may not exceed 10 percent 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, prior to 2007, vested immediately. The options issued to employees in 2007 vest over 2 years and the options issued in 2008 and the first quarter of 2009 vest over one year. The options issued to employees in the third quarter of 2009 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:

	September 30, 2009		December 31, 2008	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	7,145,500	\$0.54	5,887,000	\$0.66
Issued	3,015,000	0.13	2,745,000	0.29
Exercised	-	-	(555,000)	0.22
Expired	(50,000)	0.23	(300,000)	0.60
Forfeited	(250,500)	0.77	(631,500)	0.82
Outstanding at end of period	9,860,000	\$0.41	7,145,500	\$0.54
Options exercisable at end of period	9,485,000	\$0.42	4,095,000	\$0.66



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On January 13, 2009, the Company granted 100,000 stock options priced at \$0.18 per option to a director of the Company. On July 31, 2009 the Company granted 300,000 stock options priced at \$0.12 per option to a consultant. The Company granted 2,615,000 stock options priced at \$0.13 per option to employees on August 4, 2009.

Compensation cost for the period of \$792,522 (2008 - \$502,091) was recorded as stock-based compensation expense. Compensation cost for the period of \$18,528 (2008- \$79,692) was recorded as mineral exploration expense. As these were non-cash transactions, they are not reflected in the consolidated statements of cash flows.

The weighted average fair value of options issued in the first nine months of 2009 on the date of grant was \$0.11 per common share option (2008 - \$0.22). The fair value of common share options are estimated at the grant date using the Black-Scholes pricing model based on the following ranges of assumptions:

	Nine Months Ended September 30, 2009
Risk Free Interest Rate	2.35%
Expected Life	4.70 years
Expected Volatility	119%
Expected Dividend	-

The following table summarizes share options outstanding:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price
\$0.00 to \$0.19	3,065,000	4.52	\$0.13
\$0.20 to \$0.39	3,780,000	3.17	0.30
\$0.40 to \$0.59	150,000	1.01	0.48
\$0.60 to \$0.79	300,000	1.90	0.60
\$0.80 to \$1.00	2,565,000	2.17	0.88
Total	9,860,000	3.26	\$0.41

10. CONTRIBUTED SURPLUS

	September 30, 2009	December 31, 2008
Balance, beginning of period	\$ 6,835,341	\$ 6,027,826
Stock based compensation	811,050	764,298
Agent's warrants issued	18,244	-
Purchase warrants issued	640,037	-
Purchase warrants price amendment	69,236	43,217
	\$ 8,373,908	\$ 6,835,341

Notes to Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2009



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11. OTHER INFORMATION

Change in non-cash working capital in the consolidated statements of cash flows is comprised of the following:

	Nine Months Ended Sept 30	
	2009	2008
Accounts receivable	\$ 1,031	\$ 18,204
Prepaid expenses and other assets	(214,845)	(55,941)
Accounts payable and accrued liabilities	4,228	(407,863)
	\$ (209,586)	\$ (445,600)

12. RELATED PARTY TRANSACTIONS

- MacPherson Leslie & Tyerman, LLP received \$19,149 (2008- \$13,495) for corporate legal counsel; a director of the Company is legal counsel to the law firm. Virtus Group, LLP was paid \$925 (2008- \$400) for corporate operations consultation; a director of the Company is a partner in Virtus Group, LLP.
- Directors of the Company were reimbursed for travel expenses amounting to \$6,065 (2008- \$11,165).
- Employee advances to two officers of the Company and one officer of a subsidiary of the Company in the amount of \$2,127 (2008- \$2,207) are included in accounts receivable.
- An officer of the Company was compensated for management services in the amount of \$37,746 (2008- \$24,000).
- Mineral properties and exploration costs include \$22,870 (2008- \$78,500) paid to MacPherson Leslie & Tyerman, LLP for legal counsel in connection with the properties.
- As at September 30, 2009, accounts payable and accrued liabilities includes \$151,460 (2008- \$nil) of salaries and benefits owing to two officers of the Company and one officer of a subsidiary of the Company.

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.

13. SALARIES AND BENEFITS

Salaries & benefits expense includes salaries and benefits for employees and officers of the Company. The expense includes \$ 205,951 (2008- \$464,001) in paid salaries and benefits and \$151,460 (2008- \$nil) in salaries and benefits payable.

14. SEGMENTED INFORMATION

The Company has one reportable operating segment being the acquisition, exploration and development of mineral properties in the Philippines through its wholly-owned subsidiary, MRL Gold Phils., Inc. The Company's administrative offices are located in Edmonton, Alberta.

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Geographical information is as follows:

	As at September 30, 2009		As at December 31, 2008	
	Mineral Properties & Exploration	Property & Equipment	Mineral Properties & Exploration	Property & Equipment
Philippines	\$ 21,871,952	\$ 129,228	\$ 20,993,891	\$ 319,967
Canada		31,418	-	34,634
	\$ 21,871,952	\$ 160,646	\$ 20,993,891	\$ 354,601

15. FINANCIAL INSTRUMENTS

Fair value

The fair value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying amounts due to the short term nature of these instruments.

Risk management

The Company may be exposed to risks of varying degrees associated with its financial instruments. The Company has not used derivative instruments, nor has it designated any hedging relationships to manage these risks. There has been no change to how the Company manages each of the below risks from the prior period. The principal risks to which the company is exposed are described below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company had approximately \$923 thousand in cash and cash equivalents at September 30, 2009, on which it earns variable rates of interest, and is therefore subject to a certain amount of interest rate risk, deemed to be immaterial by management of the Company.

Credit risk

Credit risk is the risk of potential loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and accounts receivable.

The majority of the Company's cash and cash equivalents are held with major financial institutions in Canada and the Philippines. A significant portion of the Company's Canadian accounts receivable is owing from the Canadian and other governments for the reimbursement of sales taxes. The resulting credit risk exposure is deemed to be immaterial by management of the Company.

Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's functional and reporting currency is the Canadian dollar. Foreign operations are conducted in the Philippines and operating expenditures are primarily made in Philippine Pesos. There is immaterial exposure to exchange rate fluctuations in the Peso as the financial assets and liabilities of this subsidiary are not material to the operations of the Company.

Notes to Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2009



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Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due.

The Company's working capital, (current assets less current liabilities), at September 30, 2009 is \$857 thousand. The Company manages liquidity risk through management of its capital as disclosed in Note 16. As disclosed in Note 1, the continuing operations of the Company are dependent upon its ability to obtain adequate financing and to commence profitable operations in the future. The Company may have to seek additional debt or equity financing, and there can be no assurance that such financing will be available on terms acceptable to the Company.

16. CAPITAL DISCLOSURE

The Company's objectives in managing its capital are to maintain adequate levels of funding to support its operations; to perform diverse mineral exploration activities on its exploration projects; and to seek out and acquire new projects of merit. In order to maintain or adjust its capital, the Company, upon approval from its Board of Directors, may undertake a private placement or any other activity deemed appropriate under the specific circumstances. The Board of Directors of the Company reviews and approves any material transactions out of the ordinary course of business, including proposals on joint ventures, acquisitions or other major investments or divestitures, as well as capital and operating budgets. There can be no assurance that the Company will be able to obtain sufficient capital in the case of operating cash deficits.

The Company may, from time to time, invest in short-term and liquid financial instruments held with major financial institutions, or in marketable securities. The Company does not maintain a formal investing strategy. The Company has no externally imposed capital requirements.

The Company's capital consists of the items included in shareholders' equity.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the consolidated financial statements presentation in the current year.

18. SUBSEQUENT EVENTS

On October 29, 2009 a total of 228,000 Company employee stock options were forfeited. The option exercise prices ranged from \$0.28 to \$0.96, per stock option. The forfeitures resulted from employee terminations.